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LISTING MEMORANDUM

S/ 1,640,000,000

Alicorp S.A.A.
6.875% Senior Notes due 2027

We are offering S/ 1,640,000,000 aggregate principal amount of our 6.875% senior notes due 2027 (the "notes"). Principal on the notes will be payable in three annual installments as follows (i) 33.33% of the principal amount of the notes on April 17, 2025, (ii) 33.33% of the principal amount of the notes on April 17, 2026 and (iii) 33.34% of the principal amount of the notes on April 17, 2027. The notes will mature on April 17, 2027. Interest on the notes will accrue at a rate of 6.875% per annum and will be payable semi-annually in arrears on April 17 and October 17 of each year, beginning on October 17, 2019. Interest on the notes will accrue from the date of original issuance, or if interest has already been paid, from the date it was most recently paid. Payment of principal, interest and any Additional Amounts (as defined herein), including without limitation any payment upon redemption of the notes or payment to purchase the notes resulting from a Change of Control Triggering Event (as defined herein), will be made in U.S. dollars, as calculated by the calculation agent by converting the *soles* amount due into U.S. dollars at the Average Representative Market Rate (as defined herein) on the applicable FX Determination Date (as defined herein). See "Description of the Notes—Principal, Maturity and Interest." Investors will make the payment of the issue price of the notes in U.S. dollars based on an exchange rate for the conversion of *soles* into U.S. dollars of S/ 3.2921 per US$1.00, which is the Representative Market Rate (as defined herein) in effect on April 9, 2019. The notes will be sold in minimum denominations of S/ 500,000 and in integral multiples of S/ 1,000 in excess thereof. We may redeem the notes, in whole or in part, at any time or from time to time prior to their maturity, at a redemption price based on a "make-whole" premium plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date. See "Description of the Notes—Optional Redemption—Optional Make-Whole Redemption." In addition, in the event of certain changes in applicable tax laws, we may redeem the notes in whole, but not in part, at any time at a price equal to 100% of their principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The notes will be our senior unsecured obligations and (i) will rank equally in right of payment with all of our existing and future senior unsecured indebtedness (subject to certain labor, tax and tax-like obligations for which preferential treatment is given under Peruvian law), (ii) will rank senior in right of payment to all of our existing and future subordinated indebtedness, if any, (iii) will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, and (iv) will be structurally subordinated to all of the existing and future indebtedness and other liabilities of each of our subsidiaries. For a more detailed description of the notes, see "Description of the Notes" beginning on page 94.

There is currently no public market for the notes. We have applied to have the notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market.

Investing in the notes involves risks that are described in the ''Risk Factors'' section beginning on page 17 of this listing memorandum.

Price per note: 100.000% plus accrued interest, if any, from April 17, 2019.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), any U.S. state securities laws or the securities laws of any other jurisdiction. The notes may not be offered or sold within the United States or to any U.S. persons, except (a) to qualified institutional buyers (qualified institutional buyers, or "QIBs") within the meaning of Rule 144A under the Securities Act ("Rule 144A"), in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (b) outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act ("Regulation S"). The notes and the information contained in this listing memorandum have been registered with the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*, or the "SMV"). In Peru, this offering will be considered a public offering directed exclusively to "*institutional investors*" (as such term is defined under SMV Resolution No. 021-2013-SMV-01, as amended).

Any offer or sale of the notes in any member state of the European Economic Area must be addressed to qualified investors (as defined in Directive 2003/71/EC (the "Prospectus Directive").

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company ("DTC") for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream"), on or about April 17, 2019.

Global Coordinators

BofA Merrill Lynch **Citigroup**

Joint Bookrunners

BofA Merrill Lynch **Citigroup** **Scotiabank**

The date of this listing memorandum is April 18, 2019.

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TABLE OF CONTENTS

Page

Available Information....iv
Service of Process and Enforcement of Civil Liabilities....v
Forward-Looking Statements....vii
Presentation of Financial and Other Information....ix
Summary....1
Risk Factors....17
Exchange Rates....34
Use of Proceeds....35
Capitalization....36
Selected Financial and Other Information....37
Management's Discussion and Analysis of Financial Condition and Results of Operations....40
Industry....59
Business....65
Management....87
Principal Shareholders....92
Related Party Transactions....93
Description of the Notes....94
Book-Entry, Delivery and Form....114
Taxation....117
Plan of Distribution....122
Transfer Restrictions....129
Legal Matters....132
Independent Auditors....132
Listing and General Information....133
Index to Audited Consolidated Financial Statements....F-1

Unless otherwise indicated or the context otherwise requires, all references in this listing memorandum to:

- "Alicorp," "Company," "issuer," "we," "us," "our," "our company," "ourselves," "the group," "the organization" and similar terms refer to Alicorp S.A.A. and its consolidated subsidiaries;
- "Peru" refers to the Republic of Peru;
- the "Peruvian government" refers to the government of Peru; and
- the "United States" or the "U.S." refers to the United States of America.

You should assume that the information appearing in this listing memorandum is accurate as of the date on the front cover of this listing memorandum only. Our business, properties, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this listing memorandum nor any sale of notes made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this listing memorandum.

We have prepared this listing memorandum for use solely in connection with the proposed offering of the notes described in this listing memorandum. This listing memorandum is personal to each offeree and does not constitute an offer to any other person other than the offeree to whom it has been delivered or the public generally to subscribe for or otherwise acquire notes. Distribution of this listing memorandum to any person other than a prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this listing memorandum, agrees to the foregoing and to make no photocopies of this listing memorandum or any documents referred to in this listing memorandum.

The initial purchasers assume no responsibility for, and make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this listing memorandum or any other information provided by the issuer, and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement. Nothing contained in this listing memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

This listing memorandum is intended solely for the purpose of soliciting indications of interest in the notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions relating to the terms of the notes contained in the indenture being entered into in connection with the issuance of the notes as described herein and other transaction documents described herein. This listing memorandum summarizes certain documents and other information, and we refer you to those sources for a more complete understanding of what we discuss in this listing memorandum. The market information in this listing memorandum has been obtained by us from publicly available sources deemed by us to be reliable. We accept responsibility for correctly extracting and reproducing such information. Notwithstanding any investigation that the initial purchasers may have conducted with respect to the information contained in this listing memorandum, the initial purchasers accept no liability in relation to the information contained in this listing memorandum or its distribution or with regard to any other information supplied by us or on our behalf.

Neither we nor the initial purchasers are making an offer to sell, or a solicitation of an offer to buy, the notes in any jurisdiction except where such an offer or sale is permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this listing memorandum and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. See "Transfer Restrictions" for information concerning some of the transfer restrictions applicable to the notes. Neither we nor the initial purchasers are responsible for your compliance with those legal requirements.

By accepting this listing memorandum you acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this listing memorandum;

- you have not relied on the initial purchasers or their agents or any person affiliated with the initial purchasers or their agents in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in this listing memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

We are relying upon an exemption from registration under the Securities Act for an offer and sale of securities which do not involve a public offering. By purchasing the notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Transfer Restrictions" in this listing memorandum. The notes are subject to restrictions on transfer and resale and may not be transferred or resold except as permitted under the Securities Act, applicable state securities laws and applicable Peruvian law (including, but not limited to, SMV Resolution No. 021-2013-SMV-01, as amended). As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Transfer Restrictions."

In making an investment decision, prospective investors must rely on their own examination of our company and the terms of the offering, including the merits and risks involved. None of us or any of our representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment

or similar laws. We are not providing you with any legal, business, tax or other advice in this listing memorandum, and prospective investors should not construe anything in this listing memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the notes under applicable legal, investment or similar laws or regulations.

None of the United States Securities and Exchange Commission (the "SEC"), any United States state securities commission or any United States or other regulatory authority has approved or disapproved of these securities or determined if this listing memorandum is truthful or complete, except for the SMV in Peru, where this will be a public offering directed exclusively to "institutional investors" (as such term is defined under SMV Resolution No. 021-2013-SMV-01, as amended). Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this listing memorandum. Any representation to the contrary is a criminal offense.

Application has been made to have the notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. We cannot assure you that such application will be granted as of the settlement date for the notes or at any time thereafter, and settlement of the notes is not conditioned on obtaining this listing. Admission to the Euro MTF of, and listing and quotation of the notes on, the Euro MTF are not to be taken as an indication of our merits or those of the notes. This listing memorandum can only be used for the purposes for which it was published. This listing memorandum constitutes a prospectus for the purposes of the Luxembourg Act dated July 10, 2005 on prospectuses for securities.

We confirm that, after having made all reasonable inquiries, this listing memorandum contains all information with regard to us and the notes which is material to the offering and sale of the notes, that the information contained in this listing memorandum is true and accurate in all material respects and is not misleading and that there are no omissions of any facts from this listing memorandum which, by their absence herefrom, make this listing memorandum misleading. We accept responsibility for the information contained in this listing memorandum regarding us and the notes. The opinions and intentions expressed in this listing memorandum regarding us and the notes are honestly held and based on reasonable assumptions.

NOTICE TO RESIDENTS OF PERU

IN PERU, THIS OFFERING WILL BE CONSIDERED A PUBLIC OFFERING DIRECTED EXCLUSIVELY TO "INSTITUTIONAL INVESTORS" (AS SUCH TERM IS DEFINED UNDER SMV RESOLUTION NO. 021-2013-SMV-01, AS AMENDED).

THE NOTES OFFERED HEREBY ARE SUBJECT TO TRANSFER AND RESALE RESTRICTIONS AND MAY NOT BE TRANSFERRED OR RESOLD IN PERU EXCEPT AS PERMITTED UNDER SMV RESOLUTION NO. 021-2013-SMV-01, AS AMENDED.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

The notes are not intended to, and should not be, offered, sold or otherwise made available to, any retail investor in the European Economic Area (the "EEA"). For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), as implemented in any Member State of the EEA, (ii) a customer within the meaning of Directive 2002/92/EC, as amended (the "Insurance Mediation Directive"), as implemented in any Member State of the EEA, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, as implemented in any Member State of the EEA, or (iii) not a qualified investor as defined in the Prospectus Directive, as implemented in any Member State of the EEA. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation"), for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This listing memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus

Directive from the requirement to publish a prospectus for offers of notes. This listing memorandum is not a prospectus for purposes of the Prospectus Directive.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons").

This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE PERSON (IF ANY) NAMED AS THE STABILIZING MANAGER(S) (THE "STABILIZING MANAGER(S)") (OR PERSONS ACTING ON THEIR BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON THEIR BEHALF) WILL UNDERTAKE STABILIZATION ACTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. ANY STABILIZATION ACTION OR OVERALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales of the notes, we have agreed, while any notes remain outstanding, to furnish upon request of a holder or beneficial owner of such notes and a prospective purchaser or subscriber of such notes designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser or subscriber the information required to be delivered under Rule 144A(d)(4) if at the time of such request we are neither a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

We are required to file certain information in Spanish with the SMV and the BVL, such as quarterly and annual reports and notices of material events (*Hechos de Importancia*). All such reports and notices are available at www.smv.gob.pe and www.bvl.com.pe. The information included (or accessed through any website included or referred to in this listing memorandum) and the documents filed with the SMV and the BVL are not and will not form part of this listing memorandum and are not incorporated by reference herein.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are a company organized under the laws of Peru and substantially all of our assets are located outside the United States. In addition, all of our directors and officers and certain other persons named in this listing memorandum reside outside the United States and all or a significant portion of their assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States upon such persons or to enforce against them or our company judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof.

We have been advised by our Peruvian counsel, Miranda & Amado Abogados, that any final and conclusive judgment for a fixed and final sum obtained against us in any foreign court having jurisdiction in respect of any suit, action or proceeding against us for the enforcement of any of our obligations under the notes, which are governed by New York law, will, upon request, be deemed valid and enforceable in Peru through an exequatur judiciary proceeding (which does not involve the reopening of the case), provided that: (1) there is a treaty in effect between the country where said foreign court sits and Peru regarding the recognition and enforcement of foreign judgments; or (2) in the absence of such a treaty, the original judgment is recognized by the Peruvian Courts (*Cortes de la República del Perú*) under such exequatur proceeding, subject to the provisions of the Peruvian Civil Code and the Peruvian Civil Procedure Code, provided, further, that the following conditions and requirements are met:

- the foreign judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated in respect of this listing memorandum or the notes are not matters under the exclusive jurisdiction of Peruvian courts);
- such foreign court had jurisdiction under its own private international conflicts of law rules and under general principles of international procedural jurisdiction;
- we received service of process in accordance with the laws of the place where the proceeding took place, were granted a reasonable opportunity to appear before such foreign court and were guaranteed due process rights;
- the foreign judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;
- no pending litigation in Peru between the same parties for the same dispute was initiated before the commencement of the proceeding that concluded with the foreign judgment;
- the foreign judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law, unless such foreign judgment was rendered first;
- the foreign judgment is not contrary to Peruvian public policy (*orden público*) or good morals (*buenas costumbres*); and
- it is not proven that such foreign court denies enforcement of Peruvian judgments or has engaged in a review of the merits thereof;
- such judgment has been (a) duly apostilled by the competent authority of the jurisdiction of the issuing court, in case of jurisdiction that are party to the Hague Convention for Abolishing the Requirement of Legalization for Foreign Public Documents dated October 5, 1961 (the "Hague Apostille Convention"), or (b) certified by Peruvian consular authorities, in case of jurisdiction that are not party to the Hague Apostille Convention, and, in each case, is accompanied by a certified and officially translated copy of such judgment into Spanish by a Peruvian certified translator; and
- the applicable court taxes or fees have been paid.

We have no reason to believe that any of our obligations relating to the notes would be contrary to Peruvian public policy (*orden público*), good morals (*buenas costumbres*) and international treaties binding upon Peru or generally accepted principles of international law.

The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters with Peru. Therefore, unless the above-mentioned requirements are satisfied, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Peru. However, if the party in whose favor such final judgment was rendered brings a new suit in a competent court in Peru, such party may submit to the Peruvian court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against our company or such persons could be regarded by a Peruvian court only as evidence of the outcome of the dispute to which such judgment relates, and a Peruvian court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Peru. In the past, Peruvian courts have enforced judgments rendered in the United States based on legal principles of reciprocity and comity.

We will appoint Cogency Global Inc., New York, New York, as agent to receive service of process under the indenture governing the notes, including with respect to any action brought against us in the Supreme Court of the State of New York in the County of New York or the United States District Court for the Southern District of New York under the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

This listing memorandum contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements appear throughout this listing memorandum, principally in "Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business", and are primarily based on current expectations and projections about future events and financial trends that affect, or may affect, our business, financial condition, results of operations and prospects.

There are many significant risks, uncertainties and assumptions that might cause our business, financial condition, results of operations and prospects to differ materially from those set out in our estimates and forward-looking statements. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "seeks," "projects," "intends," "plans,", "predicts," "targets," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Although we believe that these forward-looking statements are based upon reasonable assumptions, these statements are subject to several risks and uncertainties and are made in light of information currently available to us.

Our forward-looking statements may be influenced by factors, including the following:

- economic, political and business conditions in Peru and the other countries in which we operate;
- prevailing financial markets;
- climatic conditions, climate changes and natural disasters;
- the cost and availability of financing and our ability to obtain financing on satisfactory terms;
- our investment, acquisition, joint venture, strategic alliances or divestiture plans;
- our ability to successfully identify, consummate, integrate, or achieve the benefits from our past and future acquisitions;
- interest rate fluctuations, inflation and exchange rates between Peruvian and foreign currencies;
- existing and future governmental regulations;
- market price variation, customer preferences and competition;
- our ability to successfully implement our strategy and capital expenditure plans;
- our ability to retain certain personnel and ability to hire additional key personnel;
- changes in tax policies and legislation;
- increased competition in the consumer products industry;
- changing consumer preferences;
- supply chain disruptions;
- health and product liability risks related to the consumer products industry;
- unexpected safety or manufacturing issues;
- weather conditions affecting farming activity in Peru, Latin America and the United States;

- continued volatility of, and sharp increase in, commodity and other input costs in the food processing industry;
- other factors or trends that may affect our financial condition or results of operations; and
- the factors discussed under the section entitled "Risk Factors" in this listing memorandum.

Our forward-looking statements are not guarantees of future performance, and our actual results or other developments may differ materially from the expectations expressed in the forward-looking statements. As for forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainty of estimates, forecasts and projections and various other factors, many of which are beyond our ability to control or predict and may turn out to be wrong. Because of these uncertainties, potential investors should not rely on these forward-looking statements.

Forward-looking statements speak only as of the date they are made, and neither we nor the initial purchasers undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events. Comparisons of results for current and prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Currencies and Exchange Rates

Unless otherwise specified herein or the context otherwise requires, references in this listing memorandum to (i) "S/" and "*soles*" are to Peruvian *soles*, the official currency of Peru, (ii) "US$," "dollars" and "U.S. dollars" are to United States dollars, the official currency of the United States and (iii) "Bs." are to the *boliviano*, the official currency of the Plurinational State of Bolivia. Solely for the convenience of the reader, we have translated certain amounts included in "Summary—Summary Financial and Other Information," "Capitalization," "Selected Financial and Other Information" and elsewhere in this listing memorandum from *soles* into U.S. dollars for figures as of December 31, 2018 using the rate as specified by the SBS as of December 31, 2018 of S/ 3.379 to US$1.00. These translations should not be considered representations that any such *sol* amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. Such translations should not be construed as representations that the *sol* amounts represent or have been or could be converted into U.S. dollars as of that or any other date. For a complete description of the exchange rates between the *sol* and the U.S. dollar, see "Exchange Rates." The Federal Reserve Bank of New York does not report a noon buying rate for *soles*.

Financial and Other Information

Currency and accounting standards

Our consolidated financial statements and related notes included in this listing memorandum have been prepared in *soles* and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This listing memorandum includes our audited consolidated statements of financial position as of December 31, 2018, 2017 and 2016 and our results of operations for the years ended December 31, 2018, 2017 and 2016 (our "audited consolidated financial statements"). Our financial information as of December 31, 2018, 2017 and 2016 and for the years ended December 31, 2018, 2017 and 2016 included in this listing memorandum has been derived from such audited consolidated financial statements.

Our audited consolidated financial statements included in this listing memorandum have been audited by Paredes, Burga & Asociados, a member firm of Ernst & Young Global, independent auditors, as indicated in their reports appearing herein.

Comparability of our results of operations

Fino and SAO Acquisitions. The comparability of our results of operations is affected by our acquisition of Industrias de Aceite S.A. ("Fino") in May 2018 and our acquisition of Sociedad Aceitera del Oriente S.R.L. ("SAO") in July 2018. Our audited consolidated financial statements for periods prior to the respective dates of the acquisitions do not include the results of Fino and SAO and therefore are not comparable to our results for periods after such dates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Note Regarding Comparability of Our Results of Operations" and Note 3 to our audited consolidated financial statements.

Intradevco Acquisition. Furthermore, our future results of operations will be affected by our acquisition of Tecnologia Aplicada S.A., which occurred on January 31, 2019, through which we acquired (i) 99.8% of the common shares of Intradevco Industrial S.A., (ii) 98.7% of the common shares of Intradevco S.A. and (iii) 100% of the common shares of Atlantis S.A. (collectively, "Intradevco"). While the Intradevco acquisition is significant in its purchase price and market expansion, it represented an acquisition of a subsidiary whose significance is less than 20.0% when measured in terms of the investment, asset and income tests used to determine a significant subsidiary under Rule 1-02 of Regulation S-X. Accordingly, no separate financial statements for Intradevco are included in this listing memorandum nor any pro forma consolidated financial statements due to the immaterial impact of the acquisition on us as a whole. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Note Regarding Comparability of Our Results of Operations" and Note 40 to our audited consolidated financial statements.

We have included certain limited unaudited historical financial information for Intradevco based on its unaudited preliminary financial statements as of and for the year ended December 31, 2018. Because Intradevco's financial statements as of and for the year ended December 31, 2018 are unaudited, the limited historical financial information for Intradevco set forth in this listing memorandum are not complete and may be subject to updates or adjustments once the audit and review process is completed.

Unless otherwise stated, our results of operations and financial information presented throughout this listing memorandum have not been adjusted to give retroactive effect to the Intradevco acquisition.

Non-IFRS financial measures

We have included non-IFRS financial measures elsewhere in this listing memorandum, such as consolidated adjusted EBITDA and the ratios related thereto. These measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of our operational economic performance from management's perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS, including net income, cash flow from operations or other measures of operating performance or liquidity. Furthermore, our calculation of consolidated adjusted EBITDA may not be comparable to other companies' calculation of similarly titled measures. You should exercise caution in comparing the non-IFRS financial measures reported by us to such metrics or other similar metrics as reported by other companies in our industry or otherwise.

We define our consolidated adjusted EBITDA to mean our consolidated net income for the year after adding back or subtracting, as the case may be, (i) income tax expense, (ii) results on foreign exchange and interest rate derivatives, (iii) share in net profit of associates, (iv) net exchange rate difference, (v) inflation results, (vi) financial expenses, net and (vii) depreciation and amortization. For a reconciliation of our consolidated adjusted EBITDA to our net income, see Summary—Summary Financial and Other Information" and "Selected Financial and Other Information." None of our non-IFRS measures is a measurement of performance under IFRS, and you should not consider those measures as an alternative to net income determined in accordance with IFRS. The non-IFRS metrics do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirement and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results.

For Intradevco, we define consolidated adjusted EBITDA to mean consolidated net income for the year after adding back or subtracting, as the case may be, (i) income tax expense, (ii) results on foreign exchange and interest rate derivatives, (iii) share in net profit of associates, (iv) net exchange rate difference, (v) financial expenses, net and (vi) depreciation and amortization, in each case taking such line items from Intradevco's preliminary financial statements as of and for the year ended December 31, 2018, which are unaudited. This listing memorandum does not include a reconciliation of Intradevco's consolidated EBITDA to net income.

Effect of rounding

Certain figures included in this listing memorandum and in our audited consolidated financial statements have been rounded for ease of presentation. Percentage figures included in this listing memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this listing memorandum may vary from those obtained by performing the same calculations using the figures in our audited consolidated financial statements. Certain other amounts that appear in this listing memorandum may not sum due to rounding.

New impairment model

Our consolidated financial statements for the years ended December 31, 2018, 2017 and 2016 have been prepared to give effect to IFRS 9−Financial instruments, which establishes new recognition and measurement requirements for financial instruments and became mandatory for financial statement periods commencing January 1, 2018. Under this standard, new models of expected loss must be developed by companies in order to determine the impairment of loans and instruments available for sale. The introduction of the impairment requirements of

IFRS 9 results in impairment loss allowances that are recognized earlier, on a more forward looking basis and on a broader scope of financial instruments than has been the case under IAS 39. Additionally, IFRS 9 provides new guidelines for the valuation and classification of financial instruments, such as new hedge accounting rules that intend to align hedge accounting with risk management practices. We applied IFRS 9 in a retrospective manner, by adjusting the opening balance of affected financial instruments as of January 1, 2016 and January 1, 2017. In respect of credit risk impairment, the most important change is that the new accounting standard introduces the concept of expected loss, whereas the previous model was based on incurred loss. See Note 4.3 to our audited consolidated financial statements included elsewhere in this listing memorandum.

New revenue recognition

Our consolidated financial statements for the years ended December 31, 2018, 2017 and 2016 have been prepared to give effect to IFRS 15−Revenues from contracts with customers, establishes a new model for the recognition of recurrent income, which could differ to some extent from the current criteria and became mandatory for financial statement periods commencing January 1, 2018. IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. We applied IFRS 15 in a retrospective manner to our consolidated audited financial statements for the year ended December 31, 2017. See Note 4.3 to our audited consolidated financial statements included elsewhere in this listing memorandum.

New lease accounting model

Beginning with reporting periods starting from January 1, 2019 onwards, we will be required to implement IFRS 16 – Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. IFRS 16 replaces IAS 17 and related interpretations and determines that lessees are required to recognize a liability for future payments and the right to use the leased asset for nearly all lease agreements. We will first adopt IFRS 16 beginning with our interim financial information as of and for the three-month period ended March 31, 2019. We are still evaluating the impact of IFRS 16 on our consolidated financial statements. We currently do not expect IFRS 16 to have a material impact on our consolidated financial statements. We would like to highlight that, based on our preliminary estimates, we do currently expect our total liabilities as of the date of initial application to increase in the range of 10% to 15% as compared to the amount recorded in our statement of financial position as of December 31, 2018. However, this increase is expected to be offset by an equivalent increase in our right-of-use assets under IFRS 16 and therefore the net effect in our statement of financial position is expected to be zero. These estimates remain preliminary and thus we cannot offer any assurance as to the final impact. For more information about IFRS 16, see Note 4.5 to our audited consolidated financial statements included elsewhere in this listing memorandum.

Trademarks

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are our service marks or trademarks. Other trademarks, service marks or trade names appearing in this listing memorandum are the property of their respective owners. Some of the trademarks we own or have the right to use include Bolivar, Nicolini, Don Vittorio, Blanca Flor, Nicovita, Salmofood, Santa Amalia, Angel, FINO, SAO, Sayón, Opal, Sapolio, Aval, Dento and Patito, among others. We also own or have the rights to copyrights that protect the content of our products. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this listing memorandum are listed without the ©, ® and TM symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

Market and Industry Information

Statements in this listing memorandum with respect to market and other industry data, including our position in the industry, are based on statistics and other information from government agencies, independent industry publications and reports by research firms or other published independent sources as well as our own internal

studies. These studies were derived from our review of internal surveys and other independent sources, including Kantar World Panel, Euromonitor International and CCR Audit, and contain certain assumptions concerning our customers and competitors. These assumptions are based on our experience in the industry, conversations with our principal vendors and our own investigation of market conditions. We cannot assure you as to the accuracy of any such assumptions, and such assumptions may not be indicative of our positions in our industry.

Information in this listing memorandum attributed to specific sources has not been independently verified by us or our advisors and therefore we make no representation as to the accuracy of such information, which may not be consistent with other information compiled within or outside the jurisdictions specified. However, we have accurately reproduced this information, and as far as we are aware and able to ascertain from such independent industry publications and reports by research firms or other published independent sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

SUMMARY

This summary highlights selected information described in greater detail elsewhere in this listing memorandum. It does not contain all the information that may be important to you. You should read the entire listing memorandum carefully, including "Risk Factors" and our audited consolidated financial statements and the notes thereto included elsewhere in this listing memorandum, before making an investment decision.

Overview

We are a leading Latin American producer, distributor and marketer of branded consumer products under four business segments: consumer goods, aquafeed, B2B (business-to-business) branded products and crushing. Our business has a diversified portfolio of products in 56 different categories including industrial baking flour, edible oil, pasta, cookies and crackers, sauces, margarines, juice powders, laundry detergents and soaps, animal feed, soybean and sunflower bean meal and crude oils. These product categories are currently represented by over 150 brands across our product segments (premium, mainstream and value). Through our effective customer segmentation strategy along socioeconomic, demographic and consumer preference lines, as well as our unique expertise in the Peruvian market, we have established leading market share positions in Peru and a strong market share in other countries such as Ecuador, Brazil, Bolivia and Argentina. According to Kantar World Panel and internal company estimates, we are the market leader in Peru, with market shares ranging from 18.9% to 93.6% in terms of volumes sold during 2018, for ten product categories, including household flour, pasta, laundry detergent, edible oil, sauces, margarines, cookies and crackers, cereals, laundry soaps and desserts. These ten product categories in Peru together represented 54.4% of our consolidated adjusted EBITDA for the year ended December 31, 2018.

We are headquartered in Peru, where we operate 32 manufacturing facilities, and have international operations in Ecuador, Chile, Brazil, Bolivia, Argentina, Colombia, Honduras and Mexico. Additionally, we export our products to over 30 countries, including the United States and Canada. We have developed an extensive distribution network in each of the countries in which we operate, which provides us with a competitive advantage due to significant barriers to entry for potential industry competitors.

Throughout our 63-year history, we have experienced significant growth both organically and through strategic acquisitions. Our organic growth has been supported by key achievements such as the entry into the sauces and laundry detergent markets in Peru, where we are now market leaders. Our strategic acquisitions have solidified our position as the leading consumer goods, aquafeed and B2B branded products producer in Peru, as well as allowed us to expand our reach into the greater Latin American region by giving us access to the Argentine, Bolivian, Colombian, Ecuadorian, Chilean and Brazilian markets. Most recently, in January 2019, we announced our acquisition of Intradevco, a leading producer and distributor of home and personal care products in the Andean Region. See "—Our History" and "—Recent Developments" below for a more detailed account of our growth pattern.

For the year ended December 31, 2018, we had consolidated operating revenues of S/ 8,289 million and consolidated net income of S/ 457 million as compared to consolidated operating revenues of S/ 6,949 million and consolidated net income of S/ 450 million for the year ended December 31, 2017. Our consumer goods segment was the largest contributor to our consolidated operating revenues in 2018, representing 48.8% of such operating revenues, followed by our aquafeed segment with 25.2%, our B2B branded products segment with 19.2% and our crushing segment with 6.8%. Our Peruvian operations represented 57.4% of our consolidated operating revenues in 2018. As of December 31, 2018, we had total assets of S/ 9,059 million and our total equity totaled S/ 3,246 million as compared to total assets of S/ 7,116 million and equity totaling S/ 2,900 million as of December 31, 2017.

For the year ended December 31, 2018, we had consolidated adjusted EBITDA of S/ 975 million as compared to consolidated adjusted EBITDA of S/ 903 million for the year ended December 31, 2017.

The tables below provide a breakdown of our operating revenues and consolidated adjusted EBITDA by country of operation for the years ended December 31, 2018 and 2017, respectively:

Operating Revenues by Country	For the year ended December 31,			
	2018	%	2017	%
	(S/ in millions, except percentages)			
Peru	4,759.0	57.4	4,144.2	59.6
Ecuador	1,366.2	16.5	1,012.1	14.6
Chile	661.5	8.0	609.0	8.8
Brazil	404.7	4.9	485.8	7.0
Bolivia	434.7	5.2	49.8	0.7
Argentina	340.2	4.1	472.6	6.8
Others	322.3	3.9	175.8	2.5
Total	**8,288.7**	**100%**	**6,949.3**	**100%**

Consolidated Adjusted EBITDA by Country	For the year ended December 31,			
	2018	%	2017	%
	(S/ in millions, except percentages)			
Peru	719.3	73.8	670.3	74.2
Ecuador	235.0	24.1	194.1	21.5
Chile	69.9	7.2	46.6	5.2
Brazil	3.9	0.4	32.3	3.6
Bolivia	(31.9)	(3.3)	9.2	1.0
Argentina	(35.8)	(3.7)	(54.1)	(6.0)
Others	14.6	1.5	4.9	0.5
Total	**975.0**	**100%**	**903.3**	**100%**

Our common shares are traded on the Lima Stock Exchange under the symbol "ALICORC1" and our investment shares are traded on the Lima Stock Exchange under the symbol "ALICORI1." As of December 31, 2018, we had a market capitalization of S/ 8,503 million.

Our History

Our predecessors began operations in Peru in 1956 as a producer of edible oils under the name Industrias Anderson Clayton y Compañía Sociedad Anónima, which was acquired by members of the Romero and Onrubia families ("Grupo Romero") in 1971 and continued operating under the name Consorcio de Alimentos Fabril Pacifico S.A. In 1997, after a series of acquisitions of leading Peruvian companies, including La Fabril S.A. ("La Fabril"), a producer of food and personal care goods, Nicolini Hermanos S.A. ("Nicolini"), a pasta producer, and Compañía Molinera del Peru S.A. ("Compañia Molinera"), a wheat milling business, we reorganized ourselves under the name Alicorp. Since then, we have experienced significant growth, both organically and through strategic acquisitions. Our key organic growth initiatives include the launch of our packaged mayonnaise product "Alacena" in 2000, which became the market leader, in terms of volumes sold, in this product category within two years; the entry into the detergent market with the successful launch of "Bolivar" in 2004 and the subsequent consolidation of our presence in such market with the re-launch of "Opal" in 2006, a brand which we acquired from Industrias Pacocha S.A. in 2005 and have transformed from a brand with limited market penetration to a market leader in terms of volumes sold.

Some of our most significant recent strategic acquisitions include our acquisitions of:

- Industrias de Aceite S.A. ("Fino"), a leading agroindustry company located in Bolivia, dedicated to the production and commercialization of edible oils, margarine, shortenings, laundry detergents, among others, in May 2018;

- Sociedad Aceitera del Oriente S.R.L. ("SAO"), a leading agroindustry company located in Bolivia, dedicated, mainly, to crushing business in July 2018; and

- Intradevco, a leading producer and distributor of home and personal care products in the Andean Region, in January 2019.

With these strategic acquisitions, we have consolidated our presence in the Peruvian market and accelerated our expansion to other markets in the region. See "—Recent Developments" below for a description of our recent acquisition of Intradevco.

Our Controlling Group

Our controlling group, Grupo Romero, which holds 46.1% of our common stock as of March 28, 2019, owns and operates one of the largest business conglomerates in Peru, with over 126 years of operations in more than 20 different countries worldwide. Presently, Grupo Romero's companies span a diversified group of industries which include consumer goods, industrial production, logistics, infrastructure, trading and services. Some of the other Grupo Romero member companies include Corporación Primax S.A., a Peruvian company in retail fuel distribution; Grupo Ransa, a group of companies operating in several countries in the Latin American region engaged in the provisions of logistics services, including storage, customs and transportations services; Terminal Internacional del Sur S.A. ("TISUR"), a company that operates the Matarani Port in Peru; Pesquera Centinela S.A.C., a company that extracts and processes fish for production of flour and oil for both domestic consumption and industrial purposes; Tramarsa S.A., a leading company in the port operation business in Peru, offering a group of port services nationwide in Peru; and Grupo Palmas, a Peruvian conglomerate with over 31 years of experience in the cultivation, industrialization and sale of palm oil and other agricultural products. Our affiliation with Grupo Romero allows us to exploit cross selling and synergy opportunities with the other member companies.

Our Business

We categorize our products into four main segments: consumer goods, aquafeed, B2B branded products and crushing.

Consumer Goods

Under our consumer goods segment, we offer a diversified line of food products (including, edible oils, pastas, sauces and cookies and crackers) and home and personal care products (including, laundry detergents, soaps and shampoos). Our products are represented by more than 103 brands that are highly recognized in the countries in which we operate. Some of our most recognized brands include Alacena, Bolivar, Sayón, Primor, Capri, Casino, Don Vittorio, Santa Amalia, Fino, Sapolio, Patito and Amor. Our main competitors are regional and global market players including Kraft, Unilever, Nestle, Procter & Gamble and Carozzi. Our consumer goods segment operates in Peru, the Mercosur region, particularly Ecuador, Chile, Brazil, Bolivia and Argentina and the Central American region. In addition, we export our consumer goods products to 23 countries.

For the year ended December 31, 2018, our consumer goods segment had operating revenues of S/ 4,049 million, representing 48.8% of our consolidated operating revenues, as compared to operating revenues of S/ 3,689 million, representing 53.1% of our consolidated operating revenues, for the year ended December 31, 2017.

Aquafeed

Our aquafeed product offering consists of balanced animal feed, including shrimp and fish feed, under our brands Nicovita and Salmofood. Our aquafeed segment operates in Peru, Ecuador, Chile, Honduras and Mexico. In addition, we export our aquafeed products to 11 countries.

For the year ended December 31, 2018, our aquafeed segment had operating revenues of S/ 2,088 million, representing 25.2% of our consolidated operating revenues, as compared to operating revenues of S/ 1,756 million, representing 25.3% of our consolidated operating revenues, for the year ended December 31, 2017.

B2B Branded Products

Our B2B branded products consist primarily of industrial baking flour for bakeries and food-based products for restaurants and industries including oil, fatty acids, sauces and pre-mixes. As of the date of this listing memorandum, our B2B branded products segment operates almost exclusively in Peru and is represented by 35 brands. Several of our B2B branded products (including, industrial baking flour, sauces, shortenings and pre-mix) are market leaders, in terms of volumes sold, in Peru.

For the year ended December 31, 2018, our B2B branded products segment had operating revenues of S/ 1,591 million, representing 19.2% of our consolidated operating revenues, as compared to operating revenues of S/ 1,503 million, representing 21.6% of our consolidated operating revenues, for the year ended December 31, 2017.

Crushing

Our crushing segment started operations in 2018 with our acquisition of Fino in May of that year and consists primarily in the production of soybean and sunflower bean oils and powder meal for use as a protein source for livestock, pets, human food applications, and industrial uses. Our crushing segment operates in Bolivia. In addition, we export our crushing product offerings to four countries.

For the year ended December 31, 2018, our crushing segment had operating revenues of S/ 562 million, representing 6.8% of our consolidated operating revenues.

Our Competitive Strengths

Pan-regional market-leading brand leadership. Our brands are market leaders in almost all of our product categories. In Peru, which represented 57.4% of our consolidated operating revenues in 2018, we have been able to build brand leadership in each of our product categories throughout each of our product segments (premium, mainstream and value). For example, based on data from Kantar World Panel and internal company estimates, in Peru, our consumer goods segment is the leading producer of mayonnaise, laundry soap, margarines, edible oils, laundry detergent, pasta and cookies and crackers, with market shares of 93.6%, 79.0%, 63.5%, 48.7%, 58.1%, 49.7% and 34.4% in each of these categories in terms of volumes sold as of December 31, 2018, respectively.

In our B2B branded products segment, our industrial baking flour brands are the market leaders in Peru, with more than 50.0% market share in terms of volumes sold as of December 31, 2018, according to internal company estimates based on data from Kantar World Panel. Similarly, one of our aquafeed brands, "Nicovita," occupies the number one position in Peru with more than 40.0% market share. Similarly, since 2006, we have been able to replicate our success in Peru in other countries, such as Ecuador, Brazil, Bolivia and Argentina in a relatively short time span. In Argentina, according to Kantar World Panel, we hold the number two position in hair care and the number three position in laundry detergent in terms of volumes sold in 2018. In Ecuador, we believe that we occupy the number one position in aquafeed based on our internal company estimates, and as of December 2018, we held the number two position in mayonnaise and the number two position in pasta, in each case, in terms of volume, based on Kantar World Panel. Today, our operating revenues are derived from over 30 countries and our international operations represented 42.6% of our consolidated operating revenues in 2018. Furthermore, we have recently leveraged our market leading position through our regional acquisitions of (i) Fino, which allowed us to enter into the crushing industry and has helped us solidify our leading position in international consumer goods in Bolivia and (ii) SAO, which together with Fino, has allowed us to expand our position in the crushing industry. We believe our recent acquisition of Intradevco, a leading producer and distributor of home and personal care products in the Andean Region, mainly Peru, will further strengthen our position in this market.

Strong product diversification and new product offerings. We have a diversified product base, which results in reduced dependency on any single product category. We currently compete in 56 product categories targeting various consumer needs. For the year ended December 31, 2018, except for our shrimp feed category which represented 33.0% of our consolidated net income and 24.0% of our consolidated adjusted EBITDA, none of our product categories represented more than 15.0% of our consolidated net income or 15.0% of our consolidated adjusted EBITDA. For example, our consumer goods product offerings range from edible oils, pasta, sauces, cookies and crackers to laundry detergents, laundry soap and hair care products. This approach to product

diversification has allowed us to reduce our dependence on individual categories and limit seasonality and economic cycle effects on our business. In addition, we support our market leading position by being an innovator in each of our product categories. In order to support this objective, in 2018, we invested 0.1% of our annual total sales in research and development. In 2018, we introduced 83 new products, with 0.7% of our total sales being derived from such new products.

Efficient socioeconomic product segmentation. By dividing our products into premium, mainstream and value segments, we offer a range of products with an adequate price strategy for each socioeconomic level. Our socioeconomic diversification allows us to tailor our product mix volumes depending on the purchasing power changes experienced by consumers at the various socioeconomic levels. For example, in 2018, we had the largest market share, in terms of volumes sold, with a 58.1% share of the laundry detergent market in Peru (which represented 7.1% of our consolidated operating revenues in 2018), through our positioning of the brands "Bolivar" in the premium segment, "Opal" in the mainstream segment and "Marsella" in the value segment. Likewise, in 2018, we had the largest market share in terms of volumes sold, with a 48.7% share of the edible oils market in Peru (which represented 6.7% of our consolidated operating revenues in 2018), through our positioning of the brands "Primor" and "Capri" in the premium segment, "Cocinero" in in the mainstream segment and "Cil" in value segment.

Extensive and multi-channeled distribution network and expanding production capacity. We have developed an extensive distribution network in each of the countries in which we have operating facilities through which we currently reach more than 280,000 points of sale. We strive to ensure a broad and multi-channeled distribution strategy that enables us to reach all socioeconomic levels with specially targeted products and brands. For example, in Peru our national distribution network includes wholesalers and supermarkets, 43 exclusive distributors and 27 sales offices throughout the country. This network allows us to reach the traditional "mom and pop" shops which, as of December 31, 2018, comprise approximately 67.0% of the Peruvian retail market, according to CCR Audit. Additionally, we have 51 production facilities across the countries where we operate that allow us to produce more than 250,000 metric tons of pasta, more than 150,000 metric tons of detergents and more than 150,000 of edible oils, among others, on a yearly basis. We have also recently redesigned our facilities and incorporated new technology, significantly increasing our industrial capacity and reducing production costs. These extensive distribution networks and production capacity capabilities provide us with a competitive advantage and create large barriers to entry for potential industry competitors.

Solid financial performance. Our market leading position in almost all of our product categories has produced strong operating results. From 2016 through 2018, each of our sales revenues and consolidated adjusted EBITDA has grown at a compound annual rate of 13.1% and 10.2%, respectively. Similarly, while many of our recent acquisitions have been funded through indebtedness, our track record demonstrates our long-term commitment to maintaining conservative leverage levels, as shown by our ability to deleverage after our acquisitions. As of December 31, 2018, our net debt to consolidated adjusted EBITDA was 2.1x, as compared to 1.0x and 1.7x for the years ended December 31, 2017 and 2016, respectively. Based on Intradevco's unaudited preliminary financial statements as of and for the year ended December 31, 2018, its net debt to consolidated adjusted EBITDA was 0.9x. See "Presentation of Financial and Other Information—Financial and Other Information" and "Selected Financial and Other Information—Other Financial Data."

Successful growth and integration track record. We have a proven track record of acquiring and successfully integrating companies into our regional platform. We typically keep the brand name, the key personnel and the local customs and traditions of acquired companies, and focus on (i) improving aspects which we believe can be upgraded, such as technology, operations management and quality of service, (ii) leveraging the popularity of our brands within our various distribution networks and (ii) exploiting economies of scale and scope derived from integrating the newly acquired operations into the existing regional platform. During the last three years, we have made three acquisitions (Fino, SAO and, most recently, Intradevco) for a total of more than US$900 million, which have significantly increased the size and geographic footprint of our operations, particularly in Peru, Ecuador, Chile, Brazil, Bolivia and Argentina. For a discussion of our most recent acquisition of Intradevco, see "—Recent Developments."

Scalable commodity purchasing. We are one of the largest importers of wheat in South America and the largest importer of wheat and soybean crude oil in Peru. The large scale of our operations allows us to buy commodities

directly from the largest vendors at reduced prices. By leveraging economies of scale and the geographic location of our operations, we are able to contract with the largest international shipping owners that transport raw materials into South America allowing us to effectively manage our inventory while maintaining low costs. Finally, we have a specialized commodity risk management team that works to hedge our trading positions to reduce our exposure to price volatility and minimize the cost of raw materials.

Experienced management team and committed controlling group. We benefit from an experienced and talented management team. Most of the members of our senior management have held executive positions across various industries in Peru and in other countries in which we operate. We also benefit from a strong and ongoing relationship with our controlling group, Grupo Romero, a longstanding Peruvian group that owns companies operating across a wide range of sectors. We believe that being part of this group offers us advantages over our international competitors operating in the Peruvian market because of the group's highly visible domestic presence and its rapid decision-making capabilities.

Compelling regional macroeconomic fundamentals. Our results of operations are interconnected to the macroeconomic conditions of the countries in which we operate. In that regard, the Peruvian and Bolivian economies are two of the fastest growing economies in Latin America. Peru had gross domestic product ("GDP") growth of 2.5% and 4.0% for the years ended December 31, 2017 and 2018, respectively, and is expected to grow at a rate of 4.0% for the year ended December 31, 2019, in each case as reported by the Central Reserve Bank of Peru (the "Central Bank"). Similarly, according to the International Monetary Fund (the "IMF"), Bolivia had GDP growth of 4.2% and 4.5% for the years ended December 31, 2017 and 2018, respectively, and is expected to grow at a rate of 4.2% for the year ended December 31, 2019. In addition, for the year ended December 31, 2018, each of Peru and Bolivia had one of the lowest inflation rates in Latin America at 2.2% and 2.8% according to the Central Bank and the IMF, respectively. Moreover, according to the Peruvian National Institute of Statistics and Information ("INEI"), the percentage of the Peruvian population living in poverty has decreased by approximately 20.7% since 2007, which has fueled solid consumption growth throughout the country. This decrease in poverty contributed to the expansion of the Peruvian middle class and the purchasing power of Peruvian households. Finally, as described above in " – Overview", approximately 81.0% of our consolidated adjusted EBITDA for the year ended December 31, 2018 was derived from our operations and sales in Peru and Chile, each of which rated is rated investment grade by Standard & Poor's ("S&P"), Fitch Ratings, Inc. ("Fitch") and Moody's Investors Service, Inc. ("Moody's").

Our Strategy

Our business strategy is to become a leading Latin American multinational ("Multilatina") consumer-packaged goods company in all the markets where we compete. Our strategy is based on three key pillars—growth, efficiency and people. Consistent with these key pillars, we intend to execute on our strategy to maximize our core competitive advantages by (i) continuing our integration strategy through innovative cost management solutions and unlocking synergies from the successful integration of acquisitions; (ii) strengthening and enhancing our go-to-market strategy to efficiently manage, promote, cross-sell and grow our best-in-class portfolio of brands in all segments while obtaining the best possible commercial and distribution terms in all markets in which we operate; and (iii) leveraging our strong management team and training platforms to increase productivity and efficiency as well as to enhance our social responsibility culture.

We plan to pursue our business strategy by focusing on the following:

Continue to successfully integrate our recent acquisitions while seeking to expand further only if such expansion fits into a prudent financial plan. We intend to continue to pursue the successful integration of all of our acquisitions and believe that our integration plan will facilitate our ability to implement synergies in purchasing, supply chain, marketing, back-office operations, technology and infrastructure. Additionally, we intend to continue to search for opportunities to expand our presence in our core regional markets such as we have done recently with our acquisitions of Intradevco in Peru and of Fino and its related businesses and SAO in Bolivia. However, to assure that any such inorganic growth does not hamper our solid financial position, we intend to pursue only those opportunities that would not have a significant impact on our leverage levels.

Continue to broaden our consumer base across socioeconomic levels. We believe our diversified product offerings and effective customer segmentation strategy uniquely position us to target a wide range of consumers across economic cycles in the countries in which we operate. As we continue to integrate recently acquired companies and brands, we expect to continue to benefit from our socioeconomic product diversification as our brands grow equally in each of the premium, mainstream and value segments.

Attract, develop and retain talent and transfer know-how. We recognize that a significant factor in our successful growth throughout the years has been our people. We are therefore committed to maintaining a highly motivated team with the skills, capacity and dedication to provide us and our customers with long-term and innovative solutions to our business needs and evolving customer preferences. Accordingly, we plan on continuing to offer competitive employment packages in order to retain key personnel and attract new executives as necessary. We also reinforce and transfer internal know-how and extensive industry knowledge through our management rotational program through which managers and other employees rotate both within and across our countries of operations, business segments and product categories. We plan on continuing this strategy so that we maintain a strong team with a shared culture, longstanding relationships and loyalty to us.

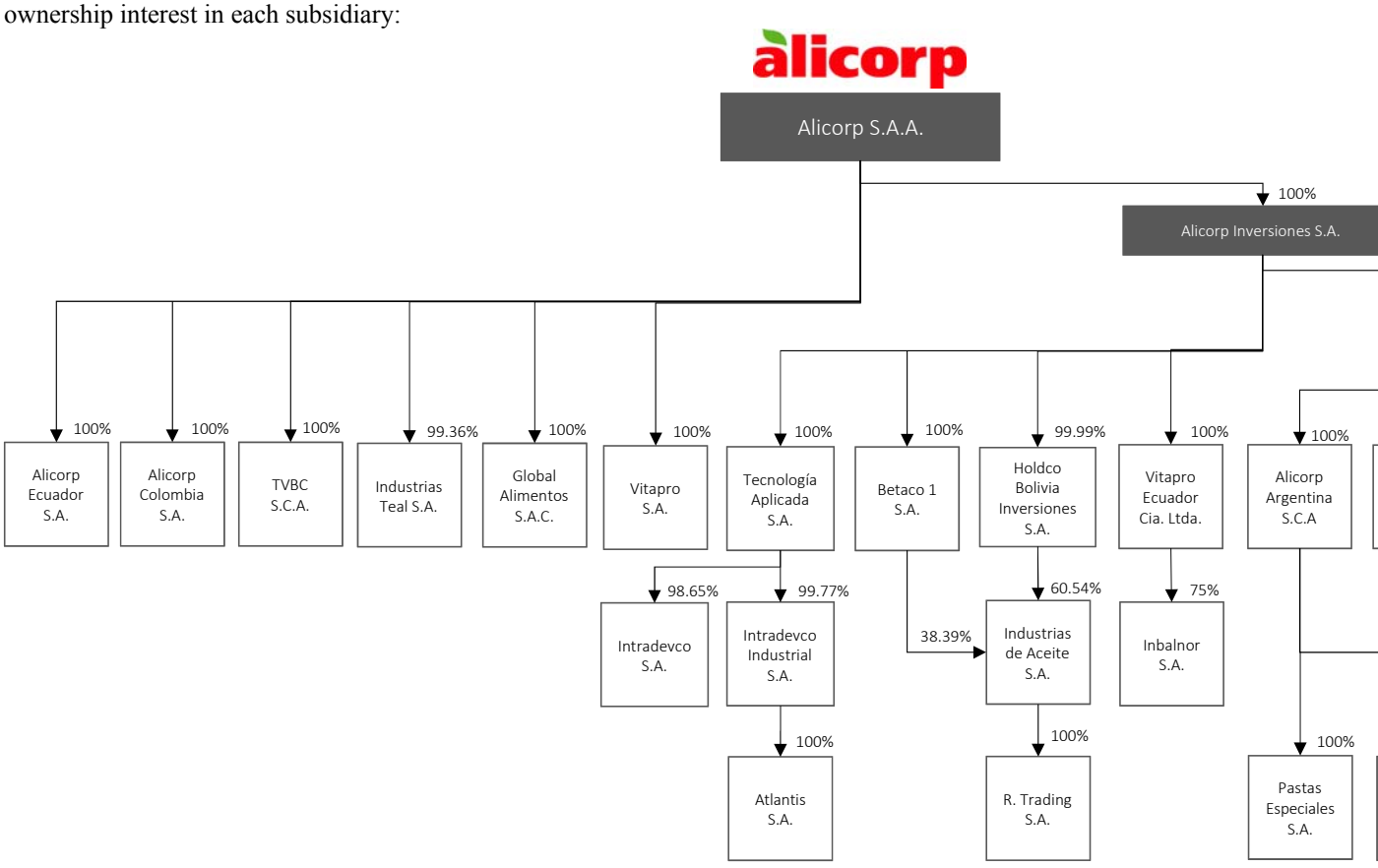
Emphasis on a cost-efficient business model. We have consistently improved our production efficiency throughout the years. Through production specialization, disciplined pricing throughout our various supply chains and constant analysis of our product markets, we plan on minimizing costs on all platforms of our business model.

Strengthen our innovation capabilities. Innovation is a fundamental part of our business growth and development. We believe we have been at the forefront in innovating and adapting in response to changes in customer needs and the markets in which we operate. For example, as mentioned above, in 2018, we introduced 83 new products, with 0.7% of our total sales being derived from such new products. We plan on continuing to focus on innovation as a way to increase customer loyalty and attract new customers. In addition to developing new products and more efficient production techniques and business processes, we plan to pursue this strategy by creating "innovation hubs" in our work spaces to boost innovation.

Focus on our social responsibility values. We have consistently ranked among the top companies listed in the Lima Stock Exchange in terms of corporate governance. This recognition is due in large part to our commitment to strong corporate governance and best practices at all levels of our organization. One of the key areas we will continue to focus on is social responsibility through measures such as donations, volunteer programs, environmental goals targeting clean alternatives for residue management and nutrition education campaigns.

Our Corporate Structure

The following simplified corporate structure chart shows us and each of our operating subsidiaries as of the date of this listing ownership interest in each subsidiary:



(1) For the year ended December 31, 2018, 52.5% of our consolidated operating revenues were at the parent company level.

Recent Developments

Acquisition of Intradevco

On January 31, 2019, we completed the acquisition of Tecnologia Aplicada S.A., a corporation organized under the laws of the British Virgin Islands, for a purchase price of US$490 million. Through this acquisition, we acquired (i) 99.8% of the common shares of Intradevco Industrial S.A., a corporation organized under the laws of Peru, (ii) 98.7% of the common shares of Intradevco S.A., a corporation organized under the laws of Peru, and (iii) 100% of the common shares of Atlantis S.A., a corporation organized under the laws of the Republic of Uruguay.

Intradevco and its subsidiaries are primarily focused on the production and distribution of home and personal care products in the Andean Region. Their manufacturing operations are located in Peru and they export to 33 countries. Intradevco's core products operate under 36 brands, including the following: (i) in home care (which includes laundry care, dishwashing, insecticides, bleach, and air care products), "Sapolio", "Patito", "Amor", "Premio", and "Broncex" and "Platex" and (ii) in personal care (which includes oral care, deodorants, shampoos and liquid soaps, among others), "Dento", "Aval", "Bella", "Ipana", "Geomen", "Out!", "VT!", "Mentolina", "Sulfacrem", Excaldene" and "Hongofin". Based on Intradevco's unaudited preliminary financial statements as of and for the year ended December 31, 2018, its total indebtedness was S/ 136 million, revenues were S/ 668 million, net income was S/ 52 million, consolidated adjusted EBITDA was S/ 112 million and net debt to consolidated adjusted EBITDA ratio was 0.9x. As of December 31, 2018, our consolidated indebteness was S/ 3,047 million, our net income was S/ 457 million, our consolidated adjusted EBITDA was S/ 975 million and net debt to consolidated adjusted EBITDA ratio was 2.1x. See "Presentation of Financial and Other Information—Financial and Other Information," "—Summary Financial and Other Information—Other Financial Data," and "Selected Financial and Other Information—Other Financial Data."

We believe this acquisition is highly aligned with our core strategy focusing on growing, enhancing and consolidating our position as a leading consumer products company in the Andean Region.

To finance the Intradevco acquisition, on January 24, 2019, we entered into a bridge loan agreement with a syndicate of banks which includes the initial purchasers and/or affiliates of the initial purchasers, in the amount of US$500 million (the "Bridge Loan Agreement") with a maturity date of January 29, 2020. The full amount under the Bridge Loan Agreement was disbursed on January 31, 2019 and used by us to fund the Intradevco acquisition. We anticipate applying the net proceeds of this offering to repay in full the outstanding amount under the Bridge Loan Agreement. See "Use of Proceeds."

This listing memorandum uses publicly available information regarding Intradevco's companies and operations, such as its lines of business, brands and market share. Before making an investment decision to buy the notes, investors should also consider the risk factors relating to acquisitions, such as the likelihood of undisclosed liabilities, the fact that its audited and unaudited financial information was not subject to our review prior to the acquisition and the risk that we may incur a substantial increase in our indebtedness, which could cause us to breach certain financial covenants. See "Risk Factors—Risks Relating to our Business—We may not be able to successfully identify, consummate, integrate, or achieve the benefits from our past and future acquisitions."

Furthermore, while the Intradevco acquisition is significant in its purchase price and market expansion, it represented an acquisition of a subsidiary whose significance is less than 20.0% when measured in terms of the investment, asset and income tests used to determine a significant subsidiary under Rule 1-02 of Regulation S-X. Accordingly, no separate financial statements for Intradevco are included in this listing memorandum nor any pro forma consolidated financial statements due to the immaterial impact of the acquisition on us as a whole. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Note Regarding Comparability of Our Results of Operations" and Note 40 to our audited consolidated financial statements.

We have included certain limited unaudited historical financial information for Intradevco based on its unaudited preliminary financial statements as of and for the year ended December 31, 2018. Because Intradevco's financial statements as of and for the year ended December 31, 2018 are unaudited, the limited historical financial information for Intradevco set forth in this listing memorandum are not complete and may be subject to updates or adjustments once the audit and review process is completed.

Shareholders' Meeting

On March 28, 2019, we held our annual shareholders' meeting. During this meeting, our shareholders approved, among other things, (i) a dividend distribution equivalent to S/ 0.24 per share for a total amount of S/ 205 million and (ii) the appointment of Marco Aurelio Peschiera Fernandez and Lieneke Maria Schol Calle, as new members of our board of directors. See "Management."

Other

As illustrated in our corporate structure chart above, on April 3, 2019, two of our subsidiaries, SAO and AlicorpGroup Inversiones Bolivia S.A., were merged into and absorbed by Fino, with Fino being the surviving entity.

Corporate Information

Our principal executive offices are located at Av. Argentina Nº 4793, Carmen de la Legua Reynoso - Callao, Lima, Peru. Our telephone number is +(511) 315-0800. Our website address is www.alicorp.com.pe. The information included or referred to, on or otherwise accessible through our website is not included or incorporated by reference into this listing memorandum.

The Offering

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the section entitled "Description of the Notes" in this listing memorandum.

Issuer	Alicorp S.A.A.
Notes	S/ 1,640,000,000 aggregate principal amount of 6.875% senior notes due 2027.
Maturity	April 17, 2027.
Amortization	Principal payments on the notes will be payable in three annual installments as follows (i) 33.33% of the principal amount of the notes on April 17, 2025, (ii) 33.33% of the principal amount of the notes on April 17, 2026 and (iii) 33.34% of the principal amount of the notes on April 17, 2027.
Interest	The notes will bear interest at the rate of 6.875% per annum, payable semi-annually in arrears on April 17 and October 17 of each year, beginning on October 17, 2019.
Conversion of Payment Amounts	The principal of and interest on the notes and any additional amounts, including without limitation any payment upon redemption of the notes or payment to purchase the notes resulting from a Change of Control Triggering Event (as defined herein), will be payable in U.S. dollars, as calculated by the calculation agent by translating the *soles* amount into U.S. dollars at the Average Representative Market Rate (as defined herein) on the applicable FX Determination Date (as defined herein). See "Description of the Notes—Principal, Maturity and Interest."
Issue Price	100.000% of the principal amount thereof, plus accrued interest, if any, from April 17, 2019. Investors will make payment of the issue price of the notes in U.S. dollars based on an exchange rate for the conversion of *soles* into U.S. dollars of S/ 3.2921 per US$1.00, which is the Representative Market Rate (as defined herein) in effect on April 9, 2019.
Ranking	The notes will be senior unsecured obligations, will rank equally in right of payment with all of our existing and future senior unsecured indebtedness, other than with respect to certain labor, tax and tax-like obligations for which preferential treatment is given pursuant to the laws of Peru, and will rank senior in right of payment to all of our existing and future subordinated indebtedness, if any. The notes will be (i) effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and (ii) structurally subordinated to all of the existing and future indebtedness and other liabilities of each of our subsidiaries. As of December 31, 2018, we and our subsidiaries had S/3,047 million (US$902 million) of consolidated indebtedness outstanding, of which S/60 million (US$18 million) was secured indebtedness and S/ 828 million (US$245 million) was indebtedness of our subsidiaries. As of the same date, after giving effect to the issuance and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," we would have S/ 4,669 million (US$1,382 million) of

	consolidated indebtedness outstanding, of which S/ 828 million (US$245 million) would have been indebtedness of our subsidiaries.
Optional Make-Whole Redemption	At any time or from time to time prior to their maturity, the Company may redeem any of the notes outstanding on the date of redemption, in whole or in part, at a redemption price calculated by the Independent Investment Bank, equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Applicable Rate of the Comparable Issue selected by the Independent Investment Bank as having an actual or interpolated maturity comparable to the period from the redemption date to the Remaining Weighted Average Maturity (as defined herein) of the notes to be so redeemed, plus 30 basis points, plus, in each case, any accrued and unpaid interest, plus additional amounts, on the principal amount of the notes so redeemed to (but not including) the redemption date. See "Description of the Notes—Optional Redemption—Optional Make-Whole Redemption."
Optional Redemption upon Tax Event	The notes are redeemable at our option, in whole but not in part, at any time, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, and any additional amounts due thereon to, but excluding, the redemption date if certain changes in applicable tax laws occur. See "Description of the Notes—Optional Redemption—Optional Redemption Upon Tax Event."
Change of Control Offer	Upon the occurrence of a Change of Control Triggering Event (as defined in the "Description of the Notes"), we will be required to make an offer to purchase all or a portion of the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. See "Description of the Notes—Change of Control Triggering Event" and "—Certain Definitions."
Covenants	The indenture governing the notes will, among other things, limit our ability: • to create or assume indebtedness for borrowed money that is secured by a lien; • to enter into sale and leaseback transactions; and • to engage in mergers, consolidations and transfers of substantially all of our properties and assets. However, these covenants are subject to a number of significant exceptions. See "Description of the Notes—Covenants."
Events of Default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, and any other amounts due with respect to the notes, see "Description of the Notes—Events of Default."
Book-Entry System; Delivery and Form and Denomination of the Notes	The notes will be issued only in fully registered form, without

	interest coupons, in the form of beneficial interests in respect of one or more global securities in denominations of S/500,000 and integral multiples of S/ 1,000 in excess thereof. Beneficial interests in respect of the global securities will be shown on, and transfers thereof will be effected only through, the book-entry records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream. The notes will not be issued in definitive form except under certain limited circumstances.
Use of Proceeds	We intend to use the net proceeds from the offering to repay in full our outstanding indebtedness under the Bridge Loan Agreement and the remainder of the net proceeds, if any, will be used for general corporate purposes. The initial purchasers or their affiliates are lenders under the Bridge Loan Agreement and will receive proceeds from this offering.
Governing Law	The notes and the indenture will be governed by the laws of the State of New York.
Listing	Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF Market. However, we cannot assure you that the listing application will be approved.
Peruvian Registration	The notes and the information contained in this listing memorandum have been registered with the SMV. In Peru, this offering will be considered a public offering directed exclusively to "institutional investors" (as such term is defined under SMV Resolution No. 021-2013-SMV-01, as amended).
Trustee, Registrar, Paying Agent, Calculation Agent and Transfer Agent	The Bank of New York Mellon
Luxembourg Listing and Paying Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch
Transfer Restrictions	The notes have not been registered under the Securities Act and are subject to restrictions on transfer and resale. See "Transfer Restrictions" and "Plan of Distribution."
Risk Factors	Investing in the notes involves substantial risks and uncertainties. See "Risk Factors" and other information included in these listing particulars for a discussion of factors you should carefully consider before deciding to invest in the notes.

Summary Financial and Other Information

The following summary financial information as of December 31, 2018, 2017 and 2016 and for the years ended December 31, 2018, 2017 and 2016 has been derived from our audited consolidated financial statements and related notes elsewhere in this listing memorandum, which have been prepared in accordance with IFRS as issued by the IASB. The financial and operating data as of December 31, 2018, 2017 and 2016 and for each of the years ended December 31, 2018, 2017 and 2016 are not necessarily indicative of future performance.

This financial information should be read in conjunction with "Presentation of Financial and Other Information," "Selected Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and the notes thereto, which are included elsewhere in this listing memorandum.

(In millions)	For the year ended December 31,[1]			
Income statement data:	**2018**	**2018**	**2017 (restated)[3]**	**2016 (restated)[3]**
	(US$)[2]		**(S/)**	
Operating revenues:				
To third parties	2,444.2	8,259.0	6,887.4	6,413.4
To related parties	8.8	29.7	61.9	62.7
Total operating revenues	**2,453.0**	**8,288.7**	**6,949.3**	**6,476.1**
Cost of sales	(1,847.9)	(6,244.0)	(5,042.4)	(4,814.7)
Gross profit	**605.1**	**2,044.7**	**1,906.9**	**1,661.4**
Selling and distribution expenses	(201.6)	(681.3)	(633.6)	(597.8)
Administrative expenses	(178.5)	(603.1)	(487.6)	(409.2)
Results of operations with commodity derivatives	1.0	3.2	1.1	(1.2)
Other income (expenses), net	6.7	22.8	(43.7)	(20.9)
Operating profit	**232.7**	**786.3**	**743.1**	**632.3**
Financial income	20.3	68.7	55.9	13.9
Financial expenses	(62.6)	(211.7)	(153.3)	(159.2)
Net exchange rate difference	(3.5)	(11.8)	(5.3)	(20.4)
Share in net profit of associates	0.5	1.7	(3.0)	1.1
Inflation results	13.5	45.5	-	-
Profit before income tax	**200.9**	**678.7**	**637.4**	**467.7**
Income tax expense	(65.6)	(221.6)	(187.5)	(160.9)
Net income for the year	**135.3**	**457.1**	**449.9**	**306.8**
Net income attributable to:				
Equity holders of the parent	134.7	455.0	449.9	307.2
Non-controlling interests	0.6	2.1	0.0	(0.4)
Net income for the year	**135.3**	**457.1**	**449.9**	**306.8**
Net income for the year per share				
Basic and diluted earnings per common share and investment share (in *soles*)	0.53	0.53	0.53	0.36

(1) Except per share amounts and percentages.

(2) Translated to U.S. dollars for convenience only at the rate of S/ 3.379 per US$1.00, the exchange rate reported on December 31, 2018 by the SBS. See "Exchange Rates."

(3) We applied IFRS 9 and IFRS 15 in a retrospective manner to our audited consolidated financial statements for the years ended December 31, 2017 and 2016, respectively. For more information, see "Presentation of Financial and Other Information—Financial and Other Information" and Note 4.3 to our audited consolidated financial statements.

(In millions) **Balance sheet data:**	As of December 31,			
	2018	**2018**	**2017 (restated)**	**2016 (restated)**
	(US$)[1]		**(S/)**	
ASSETS				
Current assets:				
Cash and cash equivalent	307.0	1,037.2	1,043.4	273.5
Other financial assets	2.3	7.8	182.6	0.0
Trade receivables, net	303.8	1,026.4	980.7	970.7
Restricted cash in guarantee for derivative transactions	4.1	14.0	0.2	1.0
Other receivables, net	77.3	261.2	74.1	75.0
Receivables from related parties	0.0	0.0	0.0	0.2
Advance to suppliers	53.6	181.1	45.0	23.1
Derivate financial instruments	11.8	39.9	13.2	12.6
Income tax assets	8.6	29.2	13.2	26.7
Inventories, net	431.2	1,457.0	885.0	779.0
Other non-financial assets	4.0	13.6	27.1	23.0
Assets held for sale	10.8	36.6	25.1	39.8
Total current assets	**1,214.6**	**4,104.0**	**3,289.7**	**2,224.7**
Non-current assets:				
Trade receivables, net	2.6	8.8	29.5	55.1
Other receivables, net	23.1	78.0	46.9	45.2
Derivate financial instruments	4.5	15.2	11.5	35.1
Other financial assets	114.4	386.6	349.6	274.7
Investments accounted for using the equity method	5.2	17.4	15.9	18.9
Income tax assets	1.0	3.3	6.9	6.1
Property, plant and equipment, net	751.1	2,537.9	1,865.6	1,946.2
Intangible assets, net	232.8	786.7	549.9	567.6
Biological assets, net	0.2	0.8	0.9	0.9
Deferred income tax assets	38.4	129.8	97.9	91.5
Goodwill	293.2	990.7	851.6	868.0
Total non-current assets	**1,466.5**	**4,955.2**	**3,826.3**	**3,909.4**
Total assets	**2,681.0**	**9,059.2**	**7,116.0**	**6,134.1**
LIABILITIES AND EQUITY				
Current liabilities:				
Other financial liabilities	274.6	927.8	955.0	243.3
Trade payables	520.9	1,760.0	1,493.0	1,247.4
Other payables	41.3	139.5	119.9	103.7
Deferred income	0.8	2.8	0.0	0.0
Payables to related parties	0.3	0.9	0.1	0.9
Employee benefit liabilities	56.2	189.9	163.1	129.0
Derivate financial instruments	3.4	11.5	7.3	11.5
Income tax payable	3.4	11.6	51.8	16.5
Provisions	12.0	40.7	33.8	33.8
Total current liabilities	**912.9**	**3,084.6**	**2,824.0**	**1,785.9**
Non-current liabilities:				
Other financial liabilities	627.1	2,119.1	998.4	1,375.8
Other payables	0.0	0.0	0.0	11.2
Deferred income	0.8	2.6	0.0	0.0
Employee benefit liabilities	7.4	25.1	5.9	5.0
Derivate financial instruments	0.0	0.0	1.6	0.0
Provisions	12.9	44.0	6.7	3.1
Deferred income tax liabilities	159.3	538.4	379.2	374.5
Total non-current liabilities	**807.7**	**2,729.1**	**1,391.7**	**1,769.6**
Total liabilities	**1,720.5**	**5,813.7**	**4,215.7**	**3,555.5**
Equity:				
Issued capital	250.7	847.2	847.2	847.2
Investment shares	2.2	7.4	7.4	7.4
Other equity reserves	49.8	168.3	170.2	169.4
Retained earnings	560.6	1,894.3	1,644.4	1,314.1
Other equity reserves	92.0	311.0	215.8	218.0
Equity attributable to equity holders of the parent	955.4	3,228.2	2,885.0	2,556.1
Non-controlling interests	5.1	17.4	15.3	22.4
Total equity	**960.5**	**3,245.6**	**2,900.3**	**2,578.5**

(In millions) **Balance sheet data:**	As of December 31,			
	2018	**2018**	**2017 (restated)**	**2016 (restated)**
	(US$)[1]		**(S/)**	
Total equity and liabilities	**2,681.0**	**9,059.2**	**7,116.0**	**6,134.1**

(1) Translated to U.S. dollars for convenience only at the rate of S/ 3.379 per US$1.00, the exchange rate reported on December 31, 2018 by the SBS. See "Exchange Rates."

Other financial data: (In millions, except ratios)	For the year ended December 31,			
	2018	**2018**	**2017 (restated)**	**2016 (restated)**
	(US$)[1]		**(S/)**	
Net cash provided by (used in):				
Operating activities	258.6	873.8	882.3	929.4
Investing activities	(356.1)	(1,203.3)	(223.0)	(103.4)
Financing activities	95.5	322.7	116.3	(665.1)
Consolidated adjusted EBITDA[2]	**288.6**	**975.0**	**903.3**	**802.3**
Financial expense	(62.6)	(211.7)	(153.3)	(159.2)
Total debt/consolidated adjusted EBITDA[2]	**3.1x**	**3.1x**	**2.2x**	**2.0x**
Consolidated adjusted EBITDA/Interest expense[2]	4.6x	4.6x	5.9x	5.0x

(1) Translated to U.S. dollars for convenience only at the rate of S/ 3.379 per US$1.00, the exchange rate reported on December 31, 2018 by the SBS. See "Exchange Rates."

(2) We define "consolidated adjusted EBITDA" to mean consolidated net income for the year after adding back or subtracting, as the case may be, (i) income tax expense, (ii) results on foreign exchange and interest rate derivatives, (iii) share in net profit of associates, (iv) net exchange rate difference, (v) inflation results, (vi) financial expenses, net and (vii) depreciation and amortization. Consolidated adjusted EBITDA is a non-IFRS accounting measure that we have prepared to present a measure of our operational economic performance from management's perspective. Consolidated adjusted EBITDA is not an accounting measure recognized by IFRS and should not be considered in isolation or as a substitute for net income, cash flow from operations or other measures of operating performance or liquidity. Consolidated adjusted EBITDA does not have a standardized meaning and our calculation of consolidated adjusted EBITDA may not be comparable to other companies' calculation of similarly titled measures. See "Presentation of Financial and Other Information—Financial and Other Information—Non-IFRS financial measures."

Although we consider the items excluded in the calculation of consolidated adjusted EBITDA to be less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us. The following table sets forth a reconciliation of consolidated adjusted EBITDA to net income under IFRS for each of the periods presented:

(In millions, except per share amounts)	For the year ended December 31,			
	2018	**2018**	**2017 (restated)**	**2016 (restated)**
	(US$)[1]		**(S/)**	
Net income for the year	135.2	457.1	449.9	306.8
Add Income tax expense	65.6	221.6	187.5	160.9
Add Results on foreign exchange and interest rate derivatives	17.8	60.0	33.3	20.3
Add Share in net profit of associates	(0.5)	(1.7)	3.0	(1.1)
Add Net exchange rate difference	3.5	11.8	5.3	20.4
Add Inflation results	(13.5)	(45.5)	-	-
Add Financial expenses, net	24.6	83.0	64.1	125.0
Add Depreciation & amortization	55.9	188.8	160.2	170.0
Consolidated adjusted EBITDA	288.6	975.0	903.3	802.3

(1) Translated to U.S. dollars for convenience only at the rate of S/ 3.379 per US$1.00, the exchange rate reported on December 31, 2018 by the SBS. See "Exchange Rates."

RISK FACTORS

Prospective purchasers of notes should carefully consider the risks discussed below, as well as the other information in this listing memorandum, before deciding to purchase any notes. Our business, results of operations, financial condition or prospects could be negatively affected if any of these risks occurs and, as a result, the trading price of the notes could decline and you could lose all or part of your investment. The risk factors discussed below are not the only risks that we face, but are the risks that we currently consider to be material. There may be additional risks that we currently consider immaterial or of which we are currently unaware, and any of these risks could have similar effects to those set forth below.

Risks Relating to our Business

We operate in a highly competitive industry.

The food industry is highly competitive. We compete based on price, product innovation, product quality, brand recognition and loyalty, effectiveness of marketing, promotional activity and the ability to identify and satisfy consumer preferences. Our main competitors are regional and global market players including Kraft, Unilever, Nestle, Procter & Gamble and Carozzi. Additionally, in some categories we also compete against local players. To varying degrees, our competitors may have strengths in particular product lines and regions as well as greater financial resources. We expect that we will continue to face strong competition in all of our markets and existing or new competitors may broaden their product lines and extend their geographic scope. We may not be able to successfully compete with these companies.

Increased competition could reduce our market share or force us to reduce our prices in response to competitive and customer pressures and to maintain our market share. Competition and customer pressures may also restrict our ability to increase prices in response to commodity and other input cost increases. Our results of operations will suffer if profit margins decrease as a result of a reduction in prices, increased input costs or other factors, and if we are unable to increase sales volumes to offset those profit margin decreases. Our competitors may also improve production processes or expand the capacity of production facilities to advance their competitive position. If we are unable to maintain our pricing structure and keep pace with our competitors' initiatives, our business, financial condition, results of operations and prospects could be materially adversely affected.

Our brand names and other intellectual property rights are key assets of our business. Maintaining the reputation of our brands is essential to our ability to attract and retain customers and is critical to our future success. If we are not able to maintain or improve our brand image or value proposition, it could have a material effect on our market share and our profitability. We may also need to increase spending on marketing, advertising and new product innovation to protect existing market share or increase market share. The success of our investments is subject to risks, including uncertainties about trade and consumer acceptance. As a result, our increased expenditures may not maintain or enhance market share and could result in lower profitability, which could have a material adverse effect on our business.

Increased prices for commodities that we purchase, or failure of our suppliers to provide such commodities, may affect our financial performance.

We are a major purchaser of agricultural commodities, including wheat, soybean crude oil, fishmeal and vegetable oils. In addition, we use significant quantities of plastic and cardboard to package our products, and natural gas for our factories and warehouses. The cost of such commodities, supplies and energy may fluctuate widely due to conditions that are difficult to predict, including global competition for resources, weather conditions, currency fluctuations, consumer, industrial or commodity investment demand, changes in governmental regulation and trade, alternative energy sources or other unforeseen circumstances. To the extent that any of the foregoing factors affect the prices of such commodities and we are unable to increase our prices or adequately hedge against such changes in prices in a manner that offsets such changes, the results of our operations could be adversely affected.

The prices of our raw materials normally fluctuate due to market conditions and currency fluctuations. For example, price increases and volatility for commodities that we purchase have increased due to conditions outside of our control, including recent economic conditions, currency fluctuations, availability of supply, weather,

consumer demand, changes in governmental agricultural programs and political volatility, such as trade negotiations between the United States and China. Furthermore, substantial future increases in prices for, or shortages of, natural gas could adversely affect us. Rising commodity, energy and other input costs could materially and adversely affect our cost of operations, including the production, transportation, and distribution of our products, which could materially and adversely affect our business, financial condition, results of operations and prospects. Although we monitor our exposure to commodity prices as an integral part of our overall risk management program, continued volatility in the prices of the commodities we purchase could increase the costs of our products, and our profitability could suffer. We cannot assure you that these fluctuations will not have an adverse effect on our financial performance or that we will be able to pass along the effect of increased costs to consumers and our results may be adversely impacted as a result of increases in the price of raw materials, including agricultural commodities.

Moreover, if any of our major suppliers are unable or unwilling to continue providing us with the commodities we require, we may face delays in obtaining alternate suppliers, and such alternate suppliers may be unwilling to supply our commodities needs on terms as favorable as those provided by our current suppliers. Any such event could result in a material adverse effect on our business results.

Our operations could be adversely affected if our suppliers fail to perform in a satisfactory manner and disruption of our distribution chain could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our production depends on the availability of raw materials such as wheat, soybean crude oil, fishmeal and vegetable oils, which we obtain from several third-party suppliers in different countries. Although we believe any of our suppliers could be replaced, if for any reason any of our major suppliers is unable or unwilling to continue providing us with raw materials due to production delays, increased competition for their products, failure to meet our quality or hygienic standards or any other reason, we may face delays in obtaining alternate suppliers, and such suppliers may be unwilling to supply our raw material needs on terms as favorable, or by satisfying the same quality, as those provided by our current suppliers. Any such event could result in delays in our operations, affect the reputation of our brands (and, as a result, reduced demand for our products) and decreased operating revenues.

Furthermore, our ability and that of our independent distributors and retailers, to make, move and sell products is critical to our success. Damage or disruption to our or their manufacturing or distribution capabilities due to weather, natural disaster, fire or explosion, terrorism, pandemics such as avian flu, strikes or other reasons, could impair our ability to manufacture or sell our products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition, results of operations or liquidity, as well as require additional resources to restore our supply and distribution chain, which could have a material adverse effect on our business.

Our product sales depend on our ability to identify, interpret and predict changes in consumer preferences and demand, and our ability to develop and offer new products rapidly enough to meet those changes.

Consumer preferences for food, home and personal care products are subject to continual change. For example, customers in developed markets are increasingly expressing preferences for organic, non-genetically modified and unprocessed foods. If these trends become prevalent in the regions where we operate, we may be required to make changes to and investment in our operations in order to adapt our business. Our success depends on our ability to maintain consumer demand for our products by identifying and satisfying the evolving needs, tastes, trends and health habits of consumers in order to respond in a timely manner to offer products that appeal to those preferences. Changes in consumer preferences combined with our failure to anticipate, identify or react to these changes could result in reduced demand for our products, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we do not succeed in offering products that appeal to consumers, our sales and market share will decrease and our profitability could suffer. Consumer preferences may shift in the future due to several factors that are difficult to predict such as changes in demographic trends, governmental regulations, weather conditions, health concerns or changes in economic conditions. In addition, we market our products in several different countries and the consumers in each country have their own tastes and preferences. We must be able to distinguish among short-term fads, mid-term trends and long-term changes in consumer preferences. If we are unable to accurately predict which shifts in consumer preferences will be long-term, or if we fail to introduce new and improved products to satisfy

those preferences, our sales could decline. In addition, because of our varied consumer base, we must offer a sufficient array of products to satisfy the broad spectrum of consumer preferences. If we fail to expand our product offerings successfully across product categories or if we do not rapidly develop products in faster growing and more profitable categories, demand for our products will decrease and our profitability could suffer.

Economic conditions that impact consumer spending could materially affect us.

Ongoing economic uncertainty in the world economy could negatively affect consumer confidence and spending, including discretionary spending. We may be materially affected by changes in economic conditions in the markets or in the regions in which we operate that impact consumer confidence and spending, including discretionary spending. This risk may be exacerbated if customers choose lower-cost alternatives to our product offerings in response to economic conditions. In particular, a decrease in discretionary spending could materially and adversely impact sales of certain of our high-margin product offerings. Future economic conditions affecting disposable consumer income, such as employment levels, business conditions, changes in housing market conditions, the availability of credit, interest rates, tax rates and fuel and energy costs, could also reduce overall consumer spending or cause consumers to shift their spending to lower-priced competitors. In addition, inflation or deflation can impact our business. Deflation in food prices could reduce sales growth and earnings, while inflation in food prices, combined with reduced consumer spending, and could reduce our margins. Accordingly, we cannot assure you that in the event of an increase in inflation we will be able to pass on a price increase to our customers, which could have a material adverse effect on us.

We rely on our customers for sales through certain of our distribution channels.

We primarily sell our products to traditional retailers, such as small "mom and pop" shops, wholesalers, modern retailers, such as supermarkets, and a portion of our revenues comes from the food service distribution channel, which includes operators such as restaurants. Retailers, in turn, sell our products to end consumers. Any significant deterioration in the business performance of our customers could adversely affect the performance of our products. Our retail customers also carry products that directly compete with our products for retail space, consumer purchases and marketing efforts. There is a risk that our retail customers may give higher priority to products of, or form alliances with, our competitors or their own private labels. There can be no assurance that retailers will provide us sufficient shelf space for our products to enable us to meet our growth objectives. If our retail customers put pressure on our margins, fail to purchase our products or provide our products with adequate marketing efforts, our business results, financial condition, results of operations and prospects could be materially adversely affected.

Antitrust laws and regulations in the countries we operate could limit our ability to expand our business through acquisitions or joint ventures.

We may pursue further acquisitions in the future. The antitrust laws of many of the countries in which we operate contain provisions that require authorization by the antitrust authorities in those countries for the acquisition of, or entering into joint venture agreements with, companies with a relevant market share. Such authorizations have been denied in some cases involving the industries in which we operate.

Peru does not currently apply antitrust controls to our industries, but we cannot assure you that it will not impose them in the future. A proposal to enact a new antitrust law is under discussion in the Peruvian congress and is expected to be approved in late 2019. The new law would require the Peruvian anti-competition authority, the National Institute of Defense of Competition and the Protection of Intellectual Property (*Instituto Nacional de Defensa de la Competencia y de la Proteccion de la Propiedad Intelectual*, or "INDECOPI"), authorization for certain acquisition transactions and would impose significant penalties for violations of antitrust laws. In the event the Peruvian government enacts such antitrust law or other regulations regarding controls or restrictions on acquisitions, our ability to expand our business through acquisitions in Peru may be limited. There can be no assurance that a challenge on antitrust grounds, in connection with our existing operations or any acquisition that we may pursue in the future, will not be made. If any such challenge is made, we may be required to sell or divest a significant portion of our business or we may be prevented from consummating a specific acquisition.

Our operations are subject to extensive food quality and safety regulations and increased regulation may increase our costs and affect our profitability.

Food production and marketing are highly regulated by a variety of local and foreign agencies. As such, our operations are subject to extensive regional and national laws, rules, regulations and standards of hygiene and quality regulation in the food safety area and oversight by authorities in each of the countries where we operate regarding the processing, packaging, labeling, storage, distribution and advertising of our products. These authorities enact and enforce regulations with respect to our operations by, among other things, licensing our plants, enforcing federal and state standards for selected food products, grading food products, inspecting plants and warehouses. Consequently, we are required to maintain various registries, licenses and permits in order to operate our business.

Our operations in Peru are subject to extensive laws, rules, regulations and standards of hygiene and quality regulation and oversight by designated authorities such as the General Directorate of Environmental Health (DIGESA) and the National Service for Agrifood Health and Quality (SENASA), and other similar authorities regarding the processing, packaging, labeling, storage, distribution and advertising of our products. We are subject to comparable health, hygiene and quality-related local laws and regulations in other countries where we operate. Government policies and regulations in the Peru, Brazil, Bolivia, Ecuador and our other markets may adversely affect the supply of, demand for, and prices of, our products, restrict our ability to do business in existing and target local and export markets and could adversely affect our business.

New regulations and changes to existing regulations are issued regularly. Increased governmental regulation of the food industry in any of the countries in which we operate, such as proposed requirements designed to enhance food safety, impose health-related requirements or to regulate imported ingredients, could increase our costs and have a material adverse effect on our business results.

Increases in logistics and other transportation-related costs could materially adversely impact the results of our operations.

Logistics and other transportation-related costs have a significant impact on our earnings and results of operations. We use multiple forms of transportation to bring our products to the market, including ships and trucks. Disruption of the timely supply of these services or increases in the cost of these services for any reason, including availability or cost of fuel, regulations affecting the industry, service failures by our third party logistics service providers or natural disasters (which may impact the transportation infrastructure or demand for transportation services) could have an adverse effect on our ability to serve our customers, and could have a material adverse effect on our business results.

Contamination of ingredients or other raw materials used in our products may lead to product recalls and adversely affect our financial performance and results of operations.

We are subject to risks affecting the food industry generally, including risks posed by contamination or food spoilage, evolving nutritional and health-related concerns, consumer product liability claims, product tampering, the availability and expense of liability insurance and the potential cost and disruption of product recalls. We buy ingredients, commodities and other raw materials that we use in producing our products from third party suppliers. If these materials are alleged or prove to include contaminants affecting the safety or quality of our products, we may need to find alternate materials for our products, delay production of our products or discard or otherwise dispose of our products, which could adversely affect our business results. Even if our own products are not affected by contamination, our industry may face adverse publicity if the products of other producers become contaminated, which could result in reduced consumer demand for our products in the affected category. Additionally, if the presence of such contaminants is not alleged or discovered until after the affected product has been distributed, we may need to withdraw or recall the affected product and we may experience adverse publicity or product liability claims. Such claims or complaints may involve customers alleging beverage and food-related illnesses, injuries suffered on the premises or other quality, health or operational concerns. Widespread product recall could result in significant losses due to the costs of a recall, the destruction of product inventory, and lost sales due to the unavailability of a product for a period of time. Any actual or perceived health risks associated with our products, including any adverse publicity resulting from such risks, allegations or recalls could cause customers to lose confidence in the safety and quality of our products and may have a material adverse effect on our business results, regardless of whether the allegations are true or whether we are ultimately held liable for any products'

liability claims. In addition, any litigation relating to such allegations could be costly and could divert management attention, which could also have a material adverse effect on our business results.

We are subject to environmental regulation and environmental risks, which may adversely affect our business.

Although the regulation of matters relating to the protection of the environment is not as developed in Peru, Ecuador, Chile, Brazil, Bolivia, Argentina and Colombia as in the United States and certain other countries, as a result of our operations, we are subject to some environmental laws and regulations. These laws and regulations may become more stringent and compliance with them may become more expensive in the future. Changes in environmental conditions may result in existing legislation having a greater impact on us. Additionally, we may be subject to new legislation and regulation in the future. Compliance with environmental legislation and regulations, particularly if they become more aggressive than our current sustainability measures used to monitor our emissions and improve our energy efficiency may increase our costs. We cannot predict the extent to which any environmental law or regulation that may be enacted or enforced in the future may affect our operations.

Our copyrights, trademarks and other intellectual property rights could conflict with the rights of others, and we may be unable to protect our copyrights and other intellectual property rights.

We believe that our registered copyrights and other intellectual property rights have significant value and are critical to our ability to create and sustain demand for our products. Although we have not been inhibited from selling our products in connection with intellectual property disputes, we cannot assure you that obstacles will not arise in the future as we expand our product categories and extend our brands as well as the geographic scope of our sales and marketing.

We also cannot assure you that the actions taken by us to establish and protect our intellectual property will be adequate to prevent imitation of our products or infringement of our rights by others. The legal regimes of some foreign countries may not protect intellectual property to the same extent as the laws of the United States, Peru or the other countries in which we operate and it may be more difficult for us to successfully challenge the use of our intellectual property by others in these countries. The loss of copyrights, trademarks and other intellectual property could adversely impact our results of operations. Any litigation regarding our intellectual property could be time consuming and costly and, which could have a material adverse effect on our business.

We may not be able to successfully identify, consummate, integrate, or achieve the benefits from our past and future acquisitions.

Strategic acquisitions have historically been part of our growth strategy and we anticipate that going forward we will continue making strategic acquisitions of businesses or assets that are complementary to our core business, geographies and client coverage.

We cannot assure you that we will be able to identify and secure suitable acquisition opportunities. In addition, our ability to make successful acquisitions on terms that are favorable to us may be limited by the number of acquisition targets available, internal demands on our resources and, to the extent necessary, our ability to obtain financing on satisfactory terms for larger acquisitions, as well as our ability to obtain any required shareholders' corporate, regulatory or government approvals. Moreover, even if an acquisition target is identified, the third parties with whom we seek to cooperate may not be willing to enter into arrangements on commercially acceptable terms with respect to a particular transaction. Even if we have entered into definitive agreements to consummate an acquisition, the acquisition may not be completed for an extended period of time, or at all, for various reasons, including failure to satisfy closing conditions or failure to receive the required regulatory approvals or conditions for approval may be imposed that we cannot now anticipate. The negotiation and completion of potential acquisitions, whether or not ultimately consummated, could also potentially disrupt our existing business or divert substantial resources. As a result, our business, growth prospects, results of operations and financial condition could be materially and adversely affected.

In addition, the acquisitions we make may expose us to risks of unknown obligations or contingencies of the acquired companies or assets incurred prior to their acquisition. The due diligence we perform to evaluate the legal

and financial condition of the companies to be acquired, as well as any contractual guarantees or indemnities we receive from the sellers of the target companies or businesses, may be insufficient to protect or indemnify us for any contingencies that may surface. Any significant contingencies arising from acquisitions may harm our activities and results. In addition, we may acquire companies that are not subject to independent external audit, which may increase the risks relating to our acquisitions.

Successful integration of our acquisitions is important to achieving our goal of becoming a global leader in our business segments. Our inability to realize the benefit of any acquisition may be due to a variety of factors, including our inability to (i) implement our firm's culture at the companies we acquire, (ii) integrate our respective operating and accounting policies and procedures as well as information systems and back office operations with those of the companies we acquire, (iii) streamline overlapping operations and consolidate subsidiaries, (iv) retain existing senior and middle management teams to the extent we deem necessary or carry out anticipated headcount reductions, (v) avoid potential loss of or harm to relationships with the existing clients of the acquired businesses or our existing clients, or (vi) otherwise generate sufficient revenues to offset the costs and expenses of acquisitions. Moreover, the success of any acquisition will at least in part be subject to a number of economic and other factors that are beyond our control. Any one or a combination of the factors mentioned above may result in our failure to integrate the businesses or assets that we have acquired or will acquire or to obtain the growth or synergies we expect to obtain from a particular transaction. As a result, our business, operating results and financial condition could be materially and adversely affected.

Any deterioration of labor relations with our employees or increase in labor costs could adversely affect our business and financial performance.

Our operations are labor intensive. As of December 31, 2018, we employ approximately 8,359 employees. Any significant increase in labor costs, deterioration of employee relations, slowdowns or work stoppages at any of our locations, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our business, financial condition or results of operations. A strike, work slowdown or other labor unrest could, in some cases, impair our ability to supply our products to customers, which could result in reduced net sales.

As of December 31, 2018, approximately 4.2% of our workforce is unionized. We generally negotiate collective bargaining agreements with these trade unions every year and salary increases are also applied annually. We cannot predict the outcome of these negotiations and if any significant differences arise during these negotiations, or any other significant conflicts arise, our business results of operations and financial condition could be materially and adversely affected.

We depend upon our executive management team and certain other key personnel.

Our success depends greatly on the continued service of our current executive management team and certain other key personnel, who possess extensive operating experience and industry knowledge, and our ability to attract and retain qualified personnel. Members of our management team are not subject to long-term employment agreements or non-competition agreements with us. Although we currently expect to maintain and continue to attract qualified personnel, we cannot assure you that we will be successful in retaining our current senior management or members of our board of directors, nor can we assure you that, in such event, we would be able to find suitable replacements. The loss of the services of our senior management or one or more of our key personnel or our inability to attract, train, retain and motivate qualified personnel could have a materially adverse effect on our ability to operate our business and our financial condition and results of operations. Even if we invest significant resources to recruit, train and retain qualified personnel, we may not be successful in our efforts.

We could be harmed by a failure or interruption of our information technology or administrative systems.

We rely on our information technology and administrative systems to effectively manage our production and distribution processes. We use different world-class platforms in all countries in which we operate, however, even these are subject to defects, interruptions and breakdowns. Disruption of continuity of business applications and services, as well as confidentiality and integrity of information may be jeopardized by errors in systems' maintenance, power outages, hardware or software failures, viruses or malware, denial of service, telecommunication failures, natural disasters, deliberate or unintentional misuse, manipulation or disclosure of information, physical theft, terrorist attacks or cyber-security data breaches by our employees, suppliers, hackers,

criminal groups, nation-state organizations, social-activist organizations or other third parties. The failure of our information technology systems to perform as we anticipate could disrupt our business and result in production errors, processing inefficiencies and the loss of sales and customers, which in turn could result in decreased revenue, increased overhead costs and excess or out-of-stock inventory levels resulting in a material adverse effect on our business results.

In addition, our information technology and administrative systems may be vulnerable to damage or interruption from circumstances beyond our control, including fires, natural disasters, systems failures, viruses and security breaches, including breaches of our transaction processing or other systems that could result in the compromise of confidential customer data. Any such damage or interruption could have a material adverse effect on us, including as a result of our facing significant fines, customer notice obligations or costly litigation, harming our reputation with our customers or requiring us to expend significant time and expense developing, maintaining or upgrading our information technology or administrative systems, or preventing us from paying our suppliers or employees, receiving payments from our customers or performing other information technology or administrative services on a timely basis.

Further, while we have some backup data-processing systems that could be used in the event of a catastrophe or a failure of our primary systems, we cannot guarantee that our current backup systems and procedures will operate satisfactorily in the event of a regional emergency. Any substantial failure of our back-up systems to respond effectively or on a timely basis could have a material and adverse effect on our business results.

Cyber-security events could negatively affect our reputation or results of operations and may result in litigation.

Information security risks have generally increased in recent years as a result of the proliferation of new technologies and the increased sophistication and activities of cyber-attacks as well as increased connections of equipment and systems to the internet. Recently, data security breaches suffered by well-known companies and institutions have attracted a substantial amount of media attention, prompting U.S. state and federal legislative proposals addressing data privacy and security. We depend on a variety of internet-based data processing, communication, and information exchange platforms and networks. We cannot assure you that all of our systems are free from vulnerability or in line with the security standards of companies operating in more developed markets. In the event of a cyber-attack, we could have our business operations disrupted; experience losses and incur response costs; and be subject to litigation and damage to our reputation. A cyber-attack could adversely affect our business results.

The interests of our controlling group may differ from those of the holders of the notes.

As of March 28, 2019, the date of our latest shareholders' meeting, approximately 46.1% of our outstanding common shares were beneficially owned directly or indirectly by Grupo Romero. Common shares are our only voting class of capital stock and the holders are entitled to elect our board of directors. As our controlling group, Grupo Romero, controls our business through the power to elect our board of directors and determine the outcome of almost all actions that require shareholder approval. Several members of our board of directors are members of Grupo Romero. There may be circumstances in which the interest of our shareholders might differ from the holders of the notes and could result in a conflict of interest.

In addition, in the ordinary course of business, we engage in a variety of transactions with our subsidiaries, affiliates and related parties. Although, as a general policy, we do not enter into transactions with our subsidiaries, affiliates and related parties on terms more favorable to them than what we would offer third parties, these transactions could create potential conflicts of interest and result in less favorable terms for us than would be obtainable from a non-related third party. See "Certain Related Party Transactions" and Note 34 to our audited consolidated financial statements.

Failure to comply with applicable laws and regulations, including in respect of corruption, money-laundering and other illegal or improper activities could have a material adverse effect on our business.

We are subject to a variety of domestic and international laws and regulations, including applicable anti-bribery, anti-money laundering and anti-corruption laws and regulations and sanctions related to doing business with certain persons and countries. Such laws and regulations vary by jurisdiction and may not be equally stringent. For example, the Peruvian regulatory regime related to anti-bribery and anti-corruption legislation is still developing and could be less stringent than anti-bribery and anti-corruption legislation that exists in other jurisdictions. We have policies and procedures specifically designed to promote and achieve compliance by us and our respective directors, officers, employees and agents with anti-bribery, anti-money laundering and anti-corruption laws.

Although we have implemented policies and procedures to prevent inappropriate practices or violations of law in all relevant jurisdictions, there can be no assurance that these policies, procedures and practice completely eliminate such risks. Any failure by our equity holders, employees, officers and affiliates, customers, suppliers or sub-concessionaires to comply with any of these requirements could have a material adverse effect on our business, reputation, result of operations or financial condition.

We engage in hedging activity which may not be successful and may result in losses to us.

We have traditionally used various derivative financial instruments as part of an overall risk management policy to seek to reduce our exposure to commodity price, interest rate and foreign currency exchange fluctuations. During 2018, 2017 and 2016, we recorded losses relating to the fair value of our derivative financial instruments of S/ 57 million, S/ 40 million and S/ 26 million, respectively. However, there can be no assurance that we will continue such hedging or that such hedging will be successful in mitigating the risk that commodity price, interest rate or foreign currency exchange fluctuations will have an adverse effect on our financial statements and/or operating results. In addition, by utilizing hedging instruments, we potentially forego benefits that might result from fluctuations in currency exchange rates, declines in short-term interest rates and declines in commodity prices.

Additionally, we are exposed to credit risk in the event of the failure of counterparties to meet their obligations under these arrangements. The theoretical risk is the cost of replacement at current market prices of these transactions in the event of defaults by counterparties. Although we seek to reduce the risk of non-performance by counterparties by maintaining a policy of entering into such arrangements only with highly rated institutions, one of our counterparties could default which could have an adverse effect on our result of operations. See Note 4.3a to our audited consolidated financial statements for further information on our hedging activity.

We are subject to risks related to litigation and administrative proceedings that could adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to product liability claims, labor, health and safety matters, environmental matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, among others. These actions could also expose us to adverse publicity, which might adversely affect our brands and reputation and customer preference for our products and therefore, our results of operations. While we contest these matters vigorously and make insurance claims when appropriate, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome among other matters. Moreover, the process of litigating requires substantial time, which may distract our management. We are involved, on an ongoing basis, and have in the past been subject to proceedings or investigations of actual or potential litigation. Although we establish provisions in accordance with IFRS, the amounts we reserve may vary significantly from any amounts we actually pay due to the uncertainties inherent in the estimation process. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business, financial condition and results of operations in the event of an unfavorable ruling.

Our insurance policies may not fully cover damage or we may not be able to obtain insurance against certain risks.

We maintain insurance policies intended to mitigate our losses due to customary risks. These policies cover our assets against loss for physical damage, loss of revenue and also third party liability. However, we cannot assure you that the scope of damages suffered in the event of a natural disaster or catastrophic event would not exceed the policy limits of our insurance coverage. We maintain all-risk physical damage coverage for losses resulting from, but not limited to, earthquakes, fire, explosions, floods, windstorms, strikes, riots, mechanical breakdowns and business interruption. Our level of insurance may not be sufficient to fully cover all losses that may arise in the course of our business or insurance covering our various risks may not continue to be available in the future. In addition, we may not be able to obtain insurance on comparable terms in the future. We may be materially and adversely affected if we incur losses that are not fully covered by our insurance policies.

Our ability to refinance our debt facilities could be adversely affected by variations in our international and local credit ratings and by other factors.

Our debt maturities, as well as those of our subsidiaries, in coming years, in U.S. dollars, amount to US$275 million in 2019, US$127 million in 2020 and US$141 million in 2021. Our ability to refinance our indebtedness could be adversely affected by variations in our international and local credit ratings and by prevailing capital and financial market conditions over which we have no control. If we are unable to refinance our indebtedness, or find alternative sources of financing, we may have to restrict or reduce our business activities or plans, which could have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to Peru and the Other Countries in which We Operate

Economic, political and social developments in Peru could adversely affect our business.

Approximately 57.4% of our consolidated operating revenues in 2018 were generated in Peru and a majority of our operations and customers are located in Peru. In addition, following our acquisition of Intradevco, we expect the significance of our Peruvian business to grow in 2019 and the near future. Our results of operations and financial condition could be affected by changes in economic and other policies of the Peruvian government, and by other economic, social and political developments in Peru, including currency devaluations, currency exchange controls, inflation, economic downturns, political instability, social unrest and terrorism.

During the 1980s and the early 1990s, Peru experienced severe terrorist activity targeted against, among others, the government and the private sector. Despite the suppression of terrorist activity, we cannot assure you that a resurgence of terrorism in Peru will not occur, or that if there is such a resurgence, it will not disrupt the economy of Peru and our business. In addition, Peru has, from time to time, experienced economic, social and political turmoil, including riots, nationwide protests, strikes and street demonstrations. Peru's recent GDP growth rates, low inflation, and both fiscal and external surpluses reflect, in part, the strength of Peru's economic fundamentals. Despite Peru's ongoing economic growth and stabilization, the social and political tensions and high levels of poverty and unemployment continue. Moreover, the cancellation of various projects as a result of the corruption scandals is expected to have a negative impact on economic growth due to delays in infrastructure works affecting private investment and consumption. While the Peruvian government introduced a package of economic measures to stimulate economic growth, there can be no assurance that these economic measures will be implemented as expected, or that they will be successful in boosting economic growth in Peru. To the extent consumption in Peru stagnates, the global economy deteriorates, Peru's trading partners experience an economic contraction or weak economic growth, or commodity prices sharply decrease, Peru's economy may be adversely affected, which could have an adverse effect on our business.

Additionally, in the past, the Peruvian government has imposed controls on prices, exchange rates, local and foreign investment and international trade, restricted the ability of companies to dismiss employees, expropriated private sector assets and prohibited the remittance of profits to foreign investors. At present, Peru is a stable democracy having completed a peaceful transition from the administration of President Ollanta Humala to President Pedro Pablo Kuczynski, who took office in July 2016 through March 23, 2018 when the Peruvian congress accepted

his resignation following various allegations of corruption. President Kuczynski was replaced by Vice President Martín Vizcarra who was sworn in as president on that same date and is expected to complete the term through 2021.

Furthermore, to stimulate the Peruvian economy in the short term and defining the basis for greater growth in the medium term, the Vizcarra administration has proposed an economic stimulus program, which is expected to achieve a GDP growth of approximately 5.0% by the end of 2021. We cannot assure you that such stimulus plan will be successfully implemented and that the Vizcarra administration will not pursue significant changes in the country's economic policies and regulations, including tax increases, higher minimum wages and employee pension requirements, stricter environmental standards, greater rights for local indigenous communities and more proactive or interventionist government policies in certain sectors of the economy that have been underserved by the private sector. Such policies, if implemented, could materially and adversely affect the Peruvian economy and, as a result, our business.

A significant devaluation of the sol or certain of our other local currencies could adversely affect us.

The Peruvian currency has historically experienced a significant number of devaluations and, as a result, the Peruvian government has adopted and operated under various exchange rate control practices and determination policies, ranging from strict control to market determination of exchange rates. More recently, *soles* appreciated against the U.S. dollar by 5.4% in 2012 and depreciated against the U.S. dollar by 9.6% in 2013, 6.7% in 2014, and 14.3% in 2015 and appreciated 1.6% in 2016 and 3.4% in 2017 and depreciated 4.1% in 2018. As the Peruvian economy is partially dollarized, devaluation of the *soles* against the U.S. dollar could have a negative impact on the economy. Therefore, a significant devaluation or depreciation of the *sol* may limit our and our Peruvian subsidiaries' ability to transfer *soles* or to convert *soles* into U.S. dollars and other currencies and may have an adverse effect on our business by, for example, increasing in *soles* terms the amount of our foreign currency denominated liabilities.

In addition, the local currencies of certain other countries in which we operate, mainly Brazil, Argentina and Mexico, have been subject to volatility against the U.S. dollar in the past and could continue to be subject to significant fluctuations in the future given the prevalence of a free-float exchange regime. Any such significant devaluation or depreciation of such currencies could materially impact each respective subsidiary's financial condition and results of operations in a similar manner as described above in respect of us and our Peruvian subsidiaries.

Moreover, items included in the separate financial statements of our subsidiaries are presented in the currency of their primary country of operation. Because our audited consolidated financial statements are presented in *soles*, when we prepare our consolidated financial statements, we must translate income, expenses and earnings as well as assets and liabilities from the amounts presented in our subsidiaries' financial statements, at exchange rates in effect during or at the end of each reporting period. As a result of our reporting currency being the *sol*, changes in the value of the *sol* against the currencies of the countries where we do business affects our revenues, income and the value of balance sheet line items originally denominated in local currencies. We manage our foreign currency risk position and have entered into hedging transactions in respect of short-term and long-term foreign currency exchange risks. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosure about Market Risks" However, we cannot predict any future trends in the exchange rates of local currencies against the *sol* or U.S. dollar, and there can be no assurance that any future currency hedging activities will be successful in mitigating currency volatility.

Volatility in exchange rates may also increase the costs of our products that we may not be able to pass on to our customers; impair the purchasing power of our customers in different markets; result in significant competitive benefits to certain of our competitors who incur a greater part of their costs in other currencies than we do; hamper our pricing; or increase our hedging costs and limit our ability to hedge our exchange rate exposure. As of December 31, 2018, 25.2% of our total indebtedness is in currencies other than *soles*, our functional currency.

The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could materially and adversely affect us and our ability to make payment on the notes.

Since 1991, the Peruvian economy has experienced a significant transformation from a highly protected and regulated system to a free market economy. In 1991, President Fujimori's administration eliminated all foreign

exchange controls and unified the exchange rate. Currently, foreign exchange rates are determined by market conditions, with regular operations by the Central Bank in the foreign exchange market in order to reduce volatility in the value of Peru's currency against the U.S. dollar. Since the early 1990s, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by market forces. However, the Peruvian government may institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could affect our ability to engage in foreign exchange activities, and could also materially and adversely affect us.

In addition, if the Peruvian government were to institute restrictive exchange rate policies in the future, we might be obligated to seek an authorization from the Peruvian government to make payments on the notes. We cannot assure you that such an authorization would be obtained. Any such exchange rate restrictions or the failure to obtain such an authorization could materially and adversely affect our ability to make payments under the notes.

Increased inflation in Peru could adversely affect the Peruvian economy and our business.

In the past, Peru has suffered through periods of high and hyper-inflation, which has materially undermined the Peruvian economy and the government's ability to create conditions that would support economic growth. In response to increased inflation, the Central Bank, which sets the Peruvian basic interest rate, may increase or decrease the basic interest rate in an attempt to control inflation or foster economic growth. Increases in the base interest rate could adversely affect our results of operations, increasing the cost of certain funding. Additionally, a return to a high inflation environment would also undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment, while increasing our operating costs and adversely impacting our operating margins if we are unable to pass the increased costs to our customers.

Changes in tax laws may increase our tax burden and, as a result, negatively affect our business.

The Peruvian government regularly implements changes to tax regulations and interpretations. Potential changes may include modifications in the tax rates or the enactment of temporary taxes that, in some cases, could become permanent taxes. If implemented, such changes could adversely affect us. The Peruvian government has recently introduced several changes related to, among other, limitations on the deductibility of interest payments in for privately issued bonds rules and the general anti-avoidance rule, *Norma General Anti-Elusiva* (GAAR), which may have an adverse impact on our taxable base. We are currently unable to estimate the impact such reforms may have on our business and the effects of any tax reform that could be proposed in the future and any other changes that could result from the enactment of additional reforms or changes in interpretation have not been, and cannot be, quantified. Any changes to the Peruvian tax regime, or to the tax regimes in the other countries in which we operate, may increase our tax liabilities or overall costs and/or our overall compliance costs, which could negatively affect our business.

Severe weather, natural disasters and adverse climate changes may materially adversely affect our business.

Severe weather conditions and other natural disasters in areas in which we have stores or workshops or in which our customers operate may materially adversely affect our results of operations. Peru is located in an area that experiences seismic activity and occasionally is affected by earthquakes. For example, in 2007, an earthquake with a magnitude of 7.9 on the Richter scale struck the central coast of Peru, severally damaging the region south of Lima. Such conditions may result in physical damage to our properties, closure of one or more of our stores, shopping centers or distribution facilities, inadequate work forces in our markets, temporary disruptions in the supply of products, delays in the delivery of goods to our stores and a reduction in the availability of products in our stores. In addition, adverse climate conditions (due to climate change or otherwise) and adverse weather patterns, such as droughts or floods that impact growing conditions and the quantity and quality of crops, may materially adversely affect the availability or cost of certain commodities or other products within our supply chain. Peru is also affected by El Niño, an oceanic and atmospheric phenomenon that causes a warming of temperatures in the Pacific Ocean, resulting in heavy rains off the coast of Peru and various other effects in other parts of the world. The effects of El Niño, which typically occurs every two to seven years, include flooding and the destruction of fish populations and agriculture, and accordingly have a negative impact on Peru's economy. For example, in early 2017, El Niño adversely affected agricultural production, transportation services, tourism and commercial activity, causing widespread damage to infrastructure and displacing significant populations. Any of these factors may disrupt and materially adversely affect our business.

Our businesses are tied to macroeconomic, political and social conditions in the countries in which we operate, and such conditions significantly affect our financial condition and results of operations.

The performance of all of our businesses is tied to macroeconomic conditions in the countries in which we operate, the majority of which are emerging economies. As emerging economies, these countries have in the past and may in the future experience negative economic trends related to high inflation, exchange rate volatility and high unemployment, among others. In particular, our crushing and aquafeed operations are principally concentrated in Bolivia and Ecuador, respectively, which have, from time to time, experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations, which undermine their economic stability. For the year ended December 31, 2018, 5.2% and 16.5% of our consolidated operating revenues were generated in Bolivia and Ecuador, respectively.

Bolivia has experienced a period of economic growth with GDP growth rates of 4.2% and 4.5% for the years ended December 31, 2017 and 2018, respectively, as well as a low inflation rate of 2.8% for 2018. However, Bolivian presidential elections are scheduled for October 2019 and we cannot assure you that a change in government and any related policy changes will continue to foster economic growth. Similarly, between 2007 and 2014, Ecuador also experienced a period of growth and poverty reduction, primarily driven by high oil prices during that period. Following the worldwide decline in oil prices, Ecuador's economy entered into recession, which contributed to GDP growth of 2.4% and 1.0% for the years ended December 31, 2017 and 2018. Additionally, given the constraints of dollarization, and Ecuador's inability to issue currency, Ecuador is more vulnerable than other countries to external factors such as global recessions, the volatility of commodity and raw material prices and natural disasters affecting the agricultural sector. Another global economic downturn and any related social unrest or government policies in response to such downturn, could have a material adverse effect on our operations in Bolivia and Ecuador. In addition, Argentina has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency devaluation, and may continue to experience further volatility in the future. Some of our operations, properties and customers are located in Argentina and, accordingly, our business is also affected by the economic conditions prevailing in Argentina. On June 7, 2018, the Argentine government and the IMF reached a US$50 billion financing agreement, pursuant to which the IMF imposed specific requirements on the Argentine government, including inflation targets. If Argentina were not to reach these targets, the IMF may terminate their financing arrangement and declare Argentina in default. As a consequence, our business and operations could in the future be affected from time to time to varying degrees by economic and political developments and other material events affecting the Argentine economy. Moreover, in August and October 2019, presidential and provincial elections will be held in Argentina for a number of public offices, and we cannot predict the outcome of such elections or the impact it could have in terms of instability deriving from uncertainties related to changes in leadership among key governmental decision makers or policies. We cannot assure you that our financial condition or results of operations will not be adversely affected by an adverse change in the economic conditions in Bolivia, Ecuador, Argentina or the other emerging markets countries in which we operate, or by a crisis in the region or any other significant regulatory change.

In addition, we are subject to substantial government regulation, customs and practice which vary from country to country, and which often change dramatically as a result of political, economic or social events. Such changes may be wide-ranging and cover cross-border trading, accounting practices, taxation, data confidentiality and protection, employment practices and environmental, health and safety issues, and involve actions such as product recalls, seizure of products and the imposition of sanctions. A number of countries in which we operate maintain controls on the repatriation of earnings and capital. Our failure to respond successfully and rapidly to the above or to changes in any or all of these factors, or to have controls and procedures in place which allow us to do so, could adversely affect our business, financial condition, results of operations and reputation.

The Peruvian economy could be adversely affected by economic developments in regional or global markets.

Weak, flat or negative economic growth in any of Peru's major trading partners, such as China, the United States, the European Union, Brazil and Chile could adversely affect Peru's balance of payments and, consequently, economic growth. International investors' reactions to events occurring in one developing country sometimes appear to follow a "contagion" pattern, in which an entire region or investment class is disfavored by international investors. Peru's economy may be affected by "contagion" effects. In particular, our financial performance may be

significantly affected not only by general economic, political and social conditions in Peru but also in other Latin American markets where we operate or intend to operate, including Ecuador, Chile, Brazil, Bolivia, Argentina and Colombia. During 2017 and 2018, approximately 40.4% and 42.6%, respectively, of our revenues on a consolidated basis derived from operations outside of Peru.

Peru's economy may also be affected by conditions (including trade policies) in developed economies, such as the United States, that are significant trading partners of Peru or have influence over world economic cycles, or by economic and political volatility affecting such countries, such as the trade war between the United States and China. For example, if interest rates increase significantly in developed economies, including the United States and Europe, Peru and its regional trading partners, such as Brazil and Argentina could find it more difficult and expensive to borrow capital and refinance existing debt, which could adversely affect economic growth in those countries. In addition, the success of our businesses is dependent on economic activity indicators, real wage levels, interest rates and employment conditions, which are influenced by general macroeconomic conditions. Any prolonged economic downturn could result in a decline in real wage levels and result in increased unemployment, which could adversely impact consumer behavior away from our higher-tiered brands to lower-tiered brands, which could reduce our cash flow from operations and harm our financial position.

On June 23, 2016, the United Kingdom held a referendum in which a majority voted for the United Kingdom's withdrawal from the European Union (the "Brexit"). On March 29, 2017, Article 50 of the Lisbon Treaty was triggered, which provides for a mechanism for the voluntary and unilateral withdrawal of a country from the European Union. The triggering of Article 50 initiated a two-year period of negotiation for the United Kingdom to leave the European Union, which was scheduled to end by March 29, 2019. Amidst controversy and uncertainty surrounding the current United Kingdom government's plans to achieve Brexit, the European Union extended the deadline to April 12, 2019 to allow the United Kingdom to pass a proposal to remain in a customs union, or May 22, 2019 to fully withdraw, including in the absence of a deal for its exit.

Uncertainty regarding the outcome of the Brexit negotiation and the prospect of a "no-deal Brexit" appears to have grown. Depending on the terms of Brexit, the United Kingdom could lose access to the single European Union market and to the global trade deals negotiated by the European Union on behalf of its members. Should no deal be reached, Brexit and the perceptions as to its impact may adversely affect business activity and economic and market conditions in the United Kingdom, the Eurozone and globally, and could contribute to uncertainty in global financial and foreign exchange markets, as well as additional political, social and legal instability in the European Union. Decreased global economic growth may affect Peru's trading partners which could have a material adverse effect on the markets for Peruvian exports and adversely affect our business, financial condition and results of operations.

Market volatility generated by distortions in the international financial markets may affect the Peruvian capital markets.

The recent global economic environment adversely affected and increased the volatility of the performance of the Lima Stock Exchange. In recent years, the Lima Stock Exchange has experienced decreased participation from local and international retail investors that react rapidly to the effects from international markets. For example, the S&P BVL Peru General Total Return PEN Index of the Lima Stock Exchange decreased by 6.1% in 2014, by 33.4% in 2015, increased by 58.1% in 2016, by 28.3% in 2017 and decreased by 3.1% in 2018. The volatility in the international markets may adversely affect the Peruvian capital markets and could therefore impact our ability to raise funds from local capital markets at a level necessary to fund our operations.

Different disclosure principles in Peru and the United States may provide you with different or less information about us than you expect.

We are subject to reporting obligations in respect of the shares we have listed on the SMV. Securities disclosure requirements in Peru differ from those applicable in the United States. Accordingly, the information about us available to you may not be the same as the information available to security holders of a U.S. company. There may be less publicly available information about us than is regularly published about companies in the U.S. and certain other jurisdictions. We are not subject to the periodic reporting requirements of the Exchange Act and, therefore, are not required to comply with the information disclosure requirements that it imposes.

Risks Relating to the Notes

If the sol depreciates against the U.S. dollar, the effective yield on the notes in U.S. dollars will decrease and the principal amount of the notes in U.S. dollars may be less than your initial investment, resulting in a loss to you.

Payments of interest on and principal of the notes will be calculated in *soles* and converted by the calculation agent into U.S. dollars at the Average Representative Market Rate on the applicable FX Determination Date. See "Description of the Notes." You are assuming the foreign exchange risk in connection with payments on the notes. Rates of exchange between the U.S. dollar and the *sol* have varied significantly over time. Historical trends do not necessarily indicate future fluctuations in exchange rates, and should not be relied upon as indicative of future trends. Currency exchange rates can be volatile and unpredictable. If the *sol* depreciates against the U.S. dollar subsequent to the date you invested in the notes, the interest payable on the notes in U.S. dollar terms will decrease and the amount of principal payable in U.S. dollars may be less than your investment, resulting in a loss to you. Depreciation of the *sol* against the U.S. dollar may also adversely affect the market value of the notes. For a history of the exchange rate between the *sol* and the U.S. dollar, see "Exchange Rates."

Exchange controls could adversely affect the sol /U.S. dollar exchange rate, the amount payable on the notes and our ability to make payments under the notes.

Prior to 1991, Peru exercised control over the foreign exchange markets by imposing multiple exchange rates and placing restrictions on the possession and use of foreign currencies. In 1991, the Fujimori administration eliminated all foreign exchange controls and unified exchange rates. Currently, foreign exchange rates are determined by market conditions, with regular open-market transactions by the Central Bank in the foreign exchange market in order to reduce volatility in the value of Peru's currency against the U.S. dollar. The imposition of exchange controls and transfer restrictions could impair the ability to exchange *soles* for U.S. dollars and/or transfer either of them outside Peru as well as cause the value of the *sol* to depreciate against the U.S. dollar, resulting in a reduced yield to you, a possible loss on the notes and a possible adverse impact on the market value of the notes.

If the Central Bank or another governmental entity were to reduce or eliminate our ability to remit U.S. dollars outside Peru, we may be limited in our ability, or unable, to meet our payment obligations under the notes. In addition, the imposition of exchange controls could cause the *sol* to depreciate which, in turn, could adversely affect our financial condition, our results of operations, the amount of U.S. dollars payable on the notes and our ability to make payments under the notes.

We may incur additional debt ranking equally to the notes or secured debt.

The indenture does not limit our ability to incur additional debt that ranks on an equal and ratable basis with the notes. If we incur any additional debt that ranks on an equal and ratable basis with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you.

Furthermore, after the offering of the notes hereby, we may incur additional indebtedness. If we or our subsidiaries incur additional debt, the risks that we face as a result of our existing indebtedness could further intensify. Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations depends on our operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

Subject to certain limitations, we also have the ability to incur collateralized debt and such debt would be effectively senior to the notes to the extent of such collateral. See "Description of the Notes—Covenants—Limitation on Liens."

As of December 31, 2018, after giving effect to the issuance and sale of the notes offered hereby and the application of the net proceeds from this offering as described under "Use of Proceeds," we would have had consolidated total indebtedness of S/ 4,669 million (US$1,382 million), of which S/ 60 million was secured and S/ 828 million (US$245 million) would have been indebtedness of our subsidiaries (excluding guarantees and intercompany loans). These subsidiaries generated 29.7% of our consolidated operating revenues in 2018. As of December 31, 2018, our subsidiaries held 34.7% of our net consolidated property, plant and equipment. If one of our subsidiaries were to be liquidated, the creditors of that subsidiary would be paid in full from the assets of the liquidated subsidiary before holders of notes would be paid from those assets.

Our obligations under the notes will be subordinated to certain statutory liabilities.

Under Peruvian bankruptcy law, our obligations under the notes are subordinated to certain statutory preferences. In the event of our liquidation, such statutory preferences, including claims for salaries, wages, social security, taxes, court fees and expenses related thereto and certain direct, unconditional and unsecured general obligations, will have preference over any other claims, including claims by any investor in respect of the notes. In addition, our creditors may hold negotiable instruments or other instruments governed by local law that grant rights to attach our assets at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors over the rights of holders of the notes.

A default, by us or by any of our subsidiaries, could result in all or a portion of our outstanding debt becoming immediately due and payable.

Our debt financing arrangements and those of our subsidiaries contain cross-acceleration and cross-default provisions. Under these provisions, a default or acceleration of one debt agreement may result in the default and acceleration of our other debt agreements (regardless of whether we were in compliance with the terms of such other debt agreements), providing the lenders under such other debt agreements the right to accelerate the obligations due under such other debt agreements. Accordingly, a default, whether by us or any of our subsidiaries, could result in all or a portion of our outstanding debt becoming immediately due and payable.

Holders of the notes may find it difficult to enforce civil liabilities against us or our directors, officers and the Peruvian government.

We are organized under the laws of Peru. All of our directors and officers reside outside of the United States. In addition, all or a substantial portion of our assets are located outside of the United States. As a result, it may be difficult for holders of the notes to effect service of process within the United States on such persons or to enforce judgments against them or us, including in any action based on civil liabilities under the U.S. federal securities laws. There is uncertainty as to the enforceability against such persons in Peru, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws.

Furthermore, your rights under the notes will be subject to the insolvency and administrative laws applicable to companies in Peru, and we cannot assure that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Peru may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and other third-party and related-party creditors, treatment of intercompany debt, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Peru may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how Peruvian laws should apply. See "Service of Process and Enforcement of Civil Liabilities."

In addition, non-income taxes (including stamp, court or documentary, excise, property, transfer or other similar taxes) may be imposed with respect to the notes (including the execution, delivery, registration, the making of payments in respect of the notes, or the enforcement of the notes) for which we would not be responsible to pay or reimburse holders of notes. See "Description of the Notes—Additional Amounts."

The notes are a new issue of securities for which there is currently no public market. You may be unable to sell your notes if a trading market for the notes does not develop.

The offer and sale of the notes have not been registered under the Securities Act or the securities laws of any other jurisdiction, other than Peru, and the notes are being offered and sold only to qualified institutional buyers within the meaning of Rule 144A and in offshore transactions to persons other than U.S. persons pursuant to Regulation S. The notes will constitute a new issue of securities for which there is no existing market, and we cannot assure you that in the future a market for the notes will develop or that you will be able to sell any notes you have purchased or that any such notes may be sold for any particular price. Although we have applied to list the notes on the Euro MTF Market of the Luxembourg Stock Exchange, we cannot assure you that this application will be accepted or that an active trading market will develop for the notes.

The initial purchasers have advised us that they intend to make a market in the notes, but they are not obligated to do so and may discontinue any market making in the notes at any time, in their sole discretion. If the initial purchasers do not facilitate trading in the notes (or beneficial interests therein) for any reason, we cannot assure you that another firm or person will do so. In addition, trading or resale of the notes (or beneficial interests therein) may be negatively affected by other factors described in this listing memorandum arising from this transaction or the market for securities of Peruvian issuers generally. As a result, we cannot assure you as to the liquidity of any trading market for the notes and as a result, you may be required to bear the financial risk of your investment in the notes indefinitely.

There are restrictions on your ability to transfer the notes.

The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A. In Peru, the notes have been registered as part of a public offering directed exclusively to "*institutional investors*" (as such term is defined under SMV Resolution No. 021-2013-SMV-01, as amended). Accordingly, the notes cannot be offered or sold in Peru, except in compliance with the applicable Peruvian securities regulations. In Peru, the notes are subject to transfer and resale restrictions set forth in SMV Resolution No. 021-2013-SMV-01, as amended, and shall not be transferred or resold except as permitted by law. For a discussion of certain restrictions on resale and transfer, see "Plan of Distribution" and "Transfer Restrictions." Consequently, a holder of notes and an owner of beneficial interests in those notes must be able to bear the economic risk of their investment in the notes for the term of the notes.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the notes.

Under the indenture governing the notes, if a Change of Control Triggering Event (as defined in the indenture) occurs, we must offer to purchase the notes for a price equal to 101.0% of the principal amount of the notes, plus any accrued and unpaid interest to the date of purchase. In the event of a Change of Control Triggering Event, we may need to refinance large amounts of our debt, including the notes and indebtedness under certain of our credit facilities or other debt instruments. We may not have sufficient funds available to us to make any required repurchases of the notes upon a Change of Control Triggering Event. If we fail to repurchase the notes in those circumstances, we will be in default under the indenture, which default may, in turn, trigger cross-default provisions in our other debt instruments. Any future debt that we incur may also contain restrictions on repurchasing the notes upon a Change of Control Triggering Event.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating

agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

The market value of the notes may depend on economic conditions in Latin America over which we have no control.

The market value of securities of Peruvian companies, including ours, is affected to varying degrees by economic and market conditions in other Latin American countries. Although economic conditions in such countries may differ significantly from economic conditions in Peru, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Peruvian issuers, including the notes. International financial markets have in recent years experienced volatility due to a combination of international political and economic events. There can be no assurance that deterioration of Latin American economies or other events in or outside of the region will not adversely affect the market value of the notes.

EXCHANGE RATES

The Peruvian *sol* is freely traded in the exchange market. Current Peruvian regulations on foreign investment allow foreign equity holders of Peruvian companies to receive and repatriate 100.0% of the cash dividends distributed by these companies. Non-Peruvian equity holders are allowed to purchase foreign currency at free market currency rates through any member of the Peruvian banking system and transfer such foreign currency outside Peru without restriction. Peruvian law in the past, however, has imposed restrictions on the conversion of Peruvian currency and the transfer of funds abroad, and we cannot assure you that Peruvian law will continue to permit such payments, transfers, conversions or remittances without restrictions.

The table below sets forth the high, low, average and period ending exchange rates, expressed in *soles* per U.S. dollar, for the years indicated.

	***Soles* per US$**[1]			
Year ended December 31,	**High**	**Low**	**Average**[2]	**Period Ending**
2014	2.990	2.761	2.848	2.989
2015	3.413	2.983	3.204	3.413
2016	3.538	3.250	3.380	3.360
2017	3.392	3.232	3.254	3.245
2018	3.386	3.208	3.292	3.379

(1) *Source: SBS.*

(2) The average of buying rates for U.S. dollars on the last business day of each month during the applicable period.

The table below sets forth the high, low and period ending exchange rates, expressed in *soles* per U.S. dollar, for each of the six months prior to the date of this listing memorandum.

	***Soles* per US$**[1]		
Month	**High**	**Low**	**Period Ending**
October 2018	3.367	3.309	3.367
November 2018	3.386	3.361	3.382
December 2018	3.385	3.343	3.379
January 2019	3.373	3.319	3.335
February 2019	3.341	3.305	3.305
March 2019	3.321	3.292	3.321
April 2019 (through April 1, 2019)	3.312	3.312	3.312

(1) *Source: SBS.*

The *soles* per U.S. dollar exchange rate on April 1, 2019 was S/ 3.312 per US$1.00.

The Federal Reserve Bank of New York does not report a noon buying rate for *soles*.

Our inclusion of such translations is not meant to suggest that the U.S. dollar amounts actually represent such *soles* amounts or that such amounts could have been converted into *soles* at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

USE OF PROCEEDS

The gross proceeds from the sale of the notes are estimated to be S/ 1,640,000,000 before deduction of certain expenses (including fees, commissions payable to the initial purchasers and offering expenses).

We intend to use the net proceeds from the sale of the notes to repay in full our outstanding indebtedness under the Bridge Loan Agreement (as defined in "Summary"), which totaled US$500 million in principal amount as of the date hereof. The initial purchasers or their affiliates are lenders under the Bridge Loan Agreement and will receive proceeds from this offering. The remainder of the net proceeds, if any, will be used for general corporate purposes.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of December 31, 2018 (i) on an actual basis, (ii) on an as adjusted basis to give effect to the Bridge Loan Agreement we entered into on January 24, 2019 for an aggregate principal amount of US$500 million and (iii) on an as further adjusted basis to give effect to this offering, including the application of the net proceeds thereof as if such transactions had occurred on December 31, 2018. See "Use of Proceeds."

This table should be read together with "Use of Proceeds," "Selected Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and the notes thereto, in each case, included elsewhere in this listing memorandum.

	As of December 31, 2018					
	Actual	As adjusted[1]	As further adjusted[2]	Actual	As adjusted[1]	As further adjusted[2]
	(US$ in millions)[3]			(S/ in millions)		
Cash and cash equivalents	307.0	307.0	286.9	1,037.2	1,037.2	969.5
Current debt:						
Bank debt	189.0	189.0	189.0	638.5	638.5	638.5
Bonds	41.7	41.7	41.7	140.8	140.8	140.8
Commercial paper	42.5	42.5	42.5	143.6	143.6	143.6
Call spread premium deferred	0.5	0.5	0.5	1.8	1.8	1.8
Financial leases	0.9	0.9	0.9	3.1	3.1	3.1
Total current debt	**274.5**	**274.5**	**274.5**	**927.8**	**927.8**	**927.8**
Non-current debt:						
Bank debt	264.2	764.2	264.2	892.7	2,582.2	892.7
Bonds	357.9	357.9	357.9	1,209.4	1,209.4	1,209.4
Commercial paper	-	-	-	-	-	-
Call spread premium deferred	2.3	2.3	2.3	7.8	7.8	7.8
Financial leases	2.7	2.7	2.7	9.2	9.2	9.2
Notes offered hereby	-	-	480.0	-	-	1,621.8
Total non-current debt	**627.1**	**1,127.1**	**1,107.1**	**2,119.1**	**3,808.6**	**3,740.9**
Shareholders' equity:						
Paid-in capital	250.7	250.7	250.7	847.2	847.2	847.2
Investment shares	2.2	2.2	2.2	7.4	7.4	7.4
Reserves	141.8	141.8	141.8	479.3	479.3	479.3
Retained earnings	560.6	560.6	560.6	1,894.3	1,894.3	1,894.3
Minority interest	**5.1**	**5.1**	**5.1**	**17.4**	**17.4**	**17.4**
Total shareholders' equity	**960.5**	**960.5**	**960.5**	**3,245.6**	**3,245.6**	**3,245.6**
Total capitalization[4]	**1,862.2**	**2,362.2**	**2,342.2**	**6,292.5**	**7,982.0**	**7,914.3**

(1) The "As adjusted" column reflects our outstanding indebtedness under the Bridge Loan Agreement which totaled US$500 million (S/ 1.69 billion) in principal amount as of the date hereof, which we intend to repay in full with the net proceeds of the notes offered hereby (see "Summary" and "Use of Proceeds").

(2) The "As further adjusted" column reflects (i) the receipt of the estimated net proceeds from the issuance of the notes, after deduction of expenses and the underwriting discount associated with the offering, of S/ 1,622 million (US$480 million at an exchange rate of S/ 3.379 per US$1.00, the observed exchange rate on December 31, 2018), and (ii) our intended repayment in full of the outstanding indebtedness under the Bridge Loan Agreement, which totaled US$500 million (S/ 1.69 billion at an exchange rate of S/ 3.379 per US$1.00, the observed exchange rate on December 31, 2018) in principal amount as of the date hereof. Given that the capitalization table uses the *soles*/ U.S. dollars exchange rate of December 31, 2018, the net proceeds from the issuance of the notes, after deduction of expenses and the underwriting discount associated with the offering, reflected above (US$480 million) is lower than the net proceeds from the issuance of the notes, after deduction of expenses and the underwriting discount associated with the offering, that we will receive using the Representative Market Rate in effect on April 9, 2019 (US$493 million).

(3) *Soles* amounts have been translated into U.S. dollars at an exchange rate of S/ 3.379 per US$1.00, the observed exchange rate on December 31, 2018. See "Exchange Rates."

(4) Total capitalization does not include cash and cash equivalents.

Since December 31, 2018, there have been no significant changes to our indebtedness, except for (1) the Bridge Loan Agreement and (2) our acquisition of Intradevco, and our assumption of its indebtedness, in each case as described above in "Summary—Recent Developments."

SELECTED FINANCIAL AND OTHER INFORMATION

The following selected financial information as of December 31, 2018, 2017 and 2016 and for the years ended December 31, 2018, 2017 and 2016 has been derived from our audited consolidated financial statements and related notes elsewhere in this listing memorandum, which have been prepared in accordance with IFRS as issued by the IASB. The financial and operating data as of December 31, 2018, 2017 and 2016 and for each of the years ended December 31, 2018, 2017 and 2016 are not necessarily indicative of future performance.

This financial information should be read in conjunction with "Presentation of Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and the notes thereto, which are included elsewhere in this listing memorandum.

(In millions, except per share amounts)	For the year ended December 31,[1]			
Income statement data:	**2018**	**2018**	**2017 (restated)[3]**	**2016 (restated)[3]**
	(US$)[2]		**(S/)**	
Operating revenues:				
To third parties	2,444.2	8,259.0	6,887.4	6,413.4
To related parties	8.8	29.7	61.9	62.7
Total operating revenues	**2,453.0**	**8,288.7**	**6,949.3**	**6,476.1**
Cost of sales	(1,847.9)	(6,244.0)	(5,042.4)	(4,814.7)
Gross profit	**605.1**	2,044.7	1,906.9	1,661.4
Selling and distribution expenses	(201.6)	(681.3)	(633.6)	(597.8)
Administrative expenses	(178.5)	(603.1)	(487.6)	(409.2)
Results of operations with commodity derivatives	1.0	3.2	1.1	(1.2)
Other income (expenses), net	6.7	22.8	(43.7)	(20.9)
Operating profit	**232.7**	**786.3**	**743.1**	**632.3**
Financial income	20.3	68.7	55.9	13.9
Financial expenses	(62.6)	(211.7)	(153.3)	(159.2)
Net exchange rate difference	(3.5)	(11.8)	(5.3)	(20.4)
Share in net profit of associates	0.5	1.7	(3.0)	1.1
Inflation results	13.5	45.5	-	-
Profit before income tax	**200.9**	**678.7**	**637.4**	**467.7**
Income tax expense	(65.6)	(221.6)	(187.5)	(160.9)
Net income for the year	**135.3**	**457.1**	**449.9**	**306.8**
Net income attributable to:				
Equity holders of the parent	134.7	455.0	449.9	307.2
Non-controlling interests	0.6	2.1	0.0	(0.4)
Net income for the year	**135.3**	**457.1**	**449.9**	**306.8**
Net income for the year per share				
Basic and diluted earnings per common share and investment share (in *soles*)	0.53	0.53	0.53	0.36

(1) Except earnings per share and percentages.

(2) Translated to U.S. dollars for convenience only at the rate of S/ 3.379 per US$1.00, the exchange rate reported on December 31, 2018 by the SBS. See "Exchange Rates."

(3) We applied IFRS 9 and IFRS 15 in a retrospective manner to our audited consolidated financial statements for the years ended December 31, 2017 and 2016, respectively. For more information, see "Presentation of Financial and Other Information—Financial and Other Information" and Note 4.3 to our audited consolidated financial statements.

(In millions) **Balance sheet data:**	As of December 31,			
	2018	**2018**	**2017 (restated)**	**2016 (restated)**
	(US$)[1]		**(S/)**	
ASSETS				
Current assets:				
Cash and cash equivalent	307.0	1,037.2	1,043.4	273.5
Other financial assets	2.3	7.8	182.6	0.0
Trade receivables, net	303.8	1,026.4	980.7	970.7
Restricted cash in guarantee for derivative transactions	4.1	14.0	0.2	1.0
Other receivables, net	77.3	261.2	74.1	75.0
Receivables from related parties	0.0	0.0	0.0	0.2
Advance to suppliers	53.6	181.1	45.0	23.1
Derivate financial instruments	11.8	39.9	13.2	12.6
Income tax assets	8.6	29.2	13.2	26.7
Inventories, net	431.2	1,457.0	885.0	779.0
Other non-financial assets	4.0	13.6	27.1	23.0
Assets held for sale	10.8	36.6	25.1	39.8
Total current assets	**1,214.6**	**4,104.0**	**3,289.7**	**2,224.7**
Non-current assets:				
Trade receivables, net	2.6	8.8	29.5	55.1
Other receivables, net	23.1	78.0	46.9	45.2
Derivate financial instruments	4.5	15.2	11.5	35.1
Other financial assets	114.4	386.6	349.6	274.7
Investments accounted for using the equity method	5.2	17.4	15.9	18.9
Income tax assets	1.0	3.3	6.9	6.1
Property, plant and equipment, net	751.1	2,537.9	1,865.6	1,946.2
Intangible assets, net	232.8	786.7	549.9	567.6
Biological assets, net	0.2	0.8	0.9	0.9
Deferred income tax assets	38.4	129.8	97.9	91.5
Goodwill	293.2	990.7	851.6	868.0
Total non-current assets	**1,466.5**	**4,955.2**	**3,826.3**	**3,909.4**
Total assets	**2,681.0**	**9,059.2**	**7,116.0**	**6,134.1**
LIABILITIES AND EQUITY				
Current liabilities:				
Other financial liabilities	274.6	927.8	955.0	243.3
Trade payables	520.9	1,760.0	1,493.0	1,247.4
Other payables	41.3	139.5	119.9	103.7
Deferred income	0.8	2.8	0.0	0.0
Payables to related parties	0.3	0.9	0.1	0.9
Employee benefit liabilities	56.2	189.9	163.1	129.0
Derivate financial instruments	3.4	11.5	7.3	11.5
Income tax payable	3.4	11.6	51.8	16.5
Provisions	12.0	40.7	33.8	33.8
Total current liabilities	**912.9**	**3,084.6**	**2,824.0**	**1,785.9**
Non-current liabilities:				
Other financial liabilities	627.1	2,119.1	998.4	1,375.8
Other payables	0.0	0.0	0.0	11.2
Deferred income	0.8	2.6	0.0	0.0
Employee benefit liabilities	7.4	25.1	5.9	5.0
Derivate financial instruments	0.0	0.0	1.6	0.0
Provisions	12.9	44.0	6.7	3.1
Deferred income tax liabilities	159.3	538.4	379.2	374.5
Total non-current liabilities	**807.7**	**2,729.1**	**1,391.7**	**1,769.6**
Total liabilities	**1,720.5**	**5,813.7**	**4,215.7**	**3,555.5**
Equity:				
Issued capital	250.7	847.2	847.2	847.2
Investment shares	2.2	7.4	7.4	7.4
Other equity reserves	49.8	168.3	170.2	169.4
Retained earnings	560.6	1,894.3	1,644.4	1,314.1
Other equity reserves	92.0	311.0	215.8	218.0
Equity attributable to equity holders of the parent	955.4	3,228.2	2,885.0	2,556.1
Non-controlling interests	5.1	17.4	15.3	22.4

(In millions) **Balance sheet data:**	As of December 31,			
	2018	**2018**	**2017 (restated)**	**2016 (restated)**
	(US$)[1]		**(S/)**	
Total equity	**960.5**	**3,245.6**	**2,900.3**	**2,578.5**
Total equity and liabilities	**2,681.0**	**9,059.2**	**7,116.0**	**6,134.1**

(1) Translated to U.S. dollars for convenience only at the rate of S/ 3.379 per US$1.00, the exchange rate reported on December 31, 2018 by the SBS. See "Exchange Rates."

Other financial data: (In millions, except ratios)	For the year ended December 31,			
	2018	**2018**	**2017 (restated)**	**2016 (restated)**
	(US$)[1]		**(S/)**	
Net cash provided by (used in):				
Operating activities	258.6	873.8	882.3	929.4
Investing activities	(356.1)	(1,203.3)	(223.0)	(103.4)
Financing activities	95.5	322.7	116.3	(665.1)
Consolidated adjusted EBITDA[2]	**288.6**	**975.0**	**903.3**	**802.3**
Financial expense	(62.6)	(211.7)	(153.3)	(159.2)
Total debt/consolidated adjusted EBITDA[2]	**3.1x**	**3.1x**	**2.2x**	**2.0x**
Consolidated adjusted EBITDA/Interest expense[2]	4.6x	4.6x	5.9x	5.0x

(1) Translated to U.S. dollars for convenience only at the rate of S/ 3.379 per US$1.00, the exchange rate reported on December 31, 2018 by the SBS. See "Exchange Rates."

(2) We define "consolidated adjusted EBITDA" to mean consolidated net income for the year after adding back or subtracting, as the case may be, (i) income tax expense, (ii) results on foreign exchange and interest rate derivatives, (iii) share in net profit of associates, (iv) net exchange rate difference, (v) inflation results, (vi) financial expenses, net and (vii) depreciation and amortization. Consolidated adjusted EBITDA is a non-IFRS accounting measure that we have prepared to present a measure of our operational economic performance from management's perspective. Consolidated adjusted EBITDA is not an accounting measure recognized by IFRS and should not be considered in isolation or as a substitute for net income, cash flow from operations or other measures of operating performance or liquidity. Consolidated adjusted EBITDA does not have a standardized meaning and our calculation of consolidated adjusted EBITDA may not be comparable to other companies' calculation of similarly titled measures. See "Presentation of Financial and Other Information—Financial and Other Information—Non-IFRS financial measures."

Although we consider the items excluded in the calculation of consolidated adjusted EBITDA to be less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us. The following table sets forth a reconciliation of consolidated adjusted EBITDA to net income under IFRS for each of the periods presented:

(In millions, except per share amounts)	For the year ended December 31,			
	2018	**2018**	**2017 (restated)**	**2016 (restated)**
	(US$)[1]		**(S/)**	
Net income for the year	135.2	457.1	449.9	306.8
Add Income tax expense	65.6	221.6	187.5	160.9
Add Results on foreign exchange and interest rate derivatives	17.8	60.0	33.3	20.3
Add Share in net profit of associates	(0.5)	(1.7)	3.0	(1.1)
Add Net exchange rate difference	3.5	11.8	5.3	20.4
Add Inflation results	(13.5)	(45.5.)	-	-
Add Financial expenses, net	24.6	83.0	64.1	125.0
Add Depreciation & amortization	55.9	188.8	160.2	170.0
Consolidated adjusted EBITDA	288.6	975.0	903.3	802.3

(1) Translated to U.S. dollars for convenience only at the rate of S/ 3.379 per US$1.00, the exchange rate reported on December 31, 2018 by the SBS. See "Exchange Rates."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations for the years ended December 31, 2018, 2017 and 2016 is based on our audited consolidated financial statements and should be read in conjunction with such financial statements and the notes thereto included elsewhere in this listing memorandum, as well as the information presented under "Presentation of Financial and Other Information" and "Selected Financial and Other Information." Our audited consolidated financial statements for the years ended December 31, 2018, 2017 and 2016 and as of December 31, 2018, 2017 and 2016 have been prepared in soles and in accordance with IFRS as issued by the IASB.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Forward-Looking Statements" and "Risk Factors."

Overview

We are a leading Latin American producer, distributor and marketer of branded consumer products under four business segments: consumer goods, aquafeed, B2B (business-to-business) branded products and crushing. Our business has a diversified portfolio of products in 56 different categories including industrial baking flour, edible oil, pasta, cookies and crackers, sauces, margarines, juice powders, laundry detergents and soaps, animal feed, soybean and sunflower bean meal and crude oils. These product categories are currently represented by over 150 brands across our product segments (premium, mainstream and value). Through our effective customer segmentation strategy along socioeconomic, demographic and consumer preference lines, as well as our unique expertise in the Peruvian market, we have established leading market share positions in Peru and a strong market share in other countries such as Ecuador, Brazil, Bolivia and Argentina. According to Kantar World Panel and internal company estimates, we are the market leader in Peru, with market shares ranging from 18.9% to 93.6% in terms of volumes sold during 2018, for ten product categories, including household flour, pasta, laundry detergent, edible oil, sauces, margarines, cookies and crackers, cereals, laundry soaps and desserts. These ten product categories in Peru together represented 54.4% of our consolidated adjusted EBITDA for the year ended December 31, 2018.

We are headquartered in Peru, where we operate 32 manufacturing facilities, and have international operations in Ecuador, Chile, Brazil, Bolivia, Argentina, Colombia, Honduras and Mexico. Additionally, we export our products to over 30 countries, including the United States and Canada. We have developed an extensive distribution network in each of the countries in which we operate, which provides us with a competitive advantage due to significant barriers to entry for potential industry competitors.

Throughout our 63-year history, we have experienced significant growth both organically and through strategic acquisitions. Our organic growth has been supported by key achievements such as the entry into the sauces and laundry detergent markets in Peru, where we are now market leaders. Our strategic acquisitions have solidified our position as the leading consumer goods, aquafeed and B2B branded products producer in Peru, as well as allowed us to expand our reach into the greater Latin American region by giving us access to the Argentine, Bolivian, Colombian, Ecuadorian, Chilean and Brazilian markets. Most recently, in January 2019, we announced our acquisition of Intradevco, a leading producer and distributor of home and personal care products in the Andean Region. See "Business—Our History" and "Summary—Recent Developments" for a more detailed account of our growth pattern.

For the year ended December 31, 2018, we had consolidated operating revenues of S/ 8,289 million and consolidated net income of S/ 457 million as compared to consolidated operating revenues of S/ 6,949 million and consolidated net income of S/ 450 million for the year ended December 31, 2017. Our consumer goods segment was the largest contributor to our consolidated operating revenues in 2018, representing 48.8% of such operating revenues, followed by our aquafeed segment with 25.2%, our B2B branded products segment with 19.2% and our crushing segment with 6.8%. Our Peruvian operations represented 57.4% of our consolidated operating revenues in 2018. As of December 31, 2018, we had total assets of S/ 9,059 million and our total equity totaled S/ 3,246 million as compared to total assets of S/ 7,116 million and equity totaling S/ 2,900 million as of December 31, 2017.

Our common shares are traded on the Lima Stock Exchange under the symbol "ALICORC1" and our investment shares are traded on the Lima Stock Exchange under the symbol "ALICORI1." As of December 31, 2018, we had a market capitalization of S/ 8,503 million.

Factors Affecting Operating Results

Our results of operations have been influenced and will continue to be influenced by the following key factors:

Developments in the Peruvian Economy

For the years ended December 31, 2018, 2017 and 2016, respectively, 57.4%, 59.6% and 60.5% of our consolidated operating revenues and 73.8%, 74.2% and 74.3% of our consolidated adjusted EBITDA was generated by our operations in Peru. Accordingly, our results of operations and financial condition are substantially dependent upon economic conditions in Peru. In addition, following our acquisition of Intradevco, whose operations are primarily in Peru, we expect the significance of our Peruvian business to grow in 2019 and the near future.

According to the Central Bank, Peruvian real GDP grew 4.0% in 2018, continuing a trend of high growth in Latin America following growth rates of 2.5% and 4.0% in 2017 and 2016, respectively. The main drivers of Peru's recent economic performance have been strong domestic demand and private consumption. These solid macroeconomic fundamentals have led Peru's debt securities to be rated investment grade by Standard & Poor's, Fitch Ratings and Moody's.

The table below sets forth additional details regarding Peru's recent economic performance.

	2018	2017	2016
Real GDP growth rate	4.0%	2.5%	4.0%
Internal demand growth	4.3%	1.4%	1.1%
Private consumption (real growth)	3.8%	2.5%	3.3%
Reference interest rate	2.75%	3.25%	4.25%
Fiscal balance (% of GDP)	(2.5%)	(3.1%)	(2.5%)
Consumer price index ("CPI")	2.2%	1.4%	3.2%

Source: *Central Bank, INEI and the Peruvian Economy and Finance Ministry.*

Given that our results of operations are heavily correlated to the purchasing power of the Peruvian consumer, we have benefitted from the country's recent economic growth. Future economic, social and political developments in Peru, over which we have no control, could have a material adverse effect on us. See "Risk Factors—Risks Relating to Peru and Other Countries in which We Operate."

Developments in the Ecuadorian Economy

For the years ended December 31, 2018, 2017 and 2016, respectively, 16.5%, 14.6% and 12.5% of our consolidated operating revenues and 24.1%, 21.5% and 16.4% of our consolidated adjusted EBITDA was generated by our operations in Ecuador. We primarily participate in the Ecuadorian market through our aquafeed segment, mainly supplying shrimp exporters. As such, although our results of operations and financial condition are correlated with the Ecuadorian economy, they are also highly affected by the export conditions in the countries to where our customers export their goods.

The table below sets forth additional details regarding Ecuador's recent economic performance.

	2018	2017	2016
Real GDP growth rate	1.4%	2.4%	(1.2%)
Internal demand growth	3.2%	5.5%	(4.3%)
Private consumption (real growth)	2.8%	3.7%	(2.4%)
Non-oil exports	4.9%	7.7%	(2.8%)
Basic rate	0.2%	0.2%	0.2%
Fiscal balance (% of GDP)	(3.0%)	(5.6%)	(5.2%)
CPI	0.3%	(0.2%)	1.1%

Source: Central Bank of Ecuador, Ecuadorian Economy and Finance Ministry and Ecuadorian National Institute of Statistics and Census.

Commodity Prices

We use a number of commodities in the manufacture of our products, most importantly wheat for the milling of wheat flour and the manufacturing of pastas and cookies, and soybean crude oil for edible oils, margarines, shortenings and sauces. Together these two commodities constituted 36.4% of our cost of sales in 2018. We also incur costs for plastic and other packaging materials to package our products. As a result, our consolidated results of operation are affected by changes in commodity prices. As described below, we manage our exposure to fluctuations in commodity prices through a dedicated commodity price risk hedging program. See "–Qualitative and Quantitative Disclosure about Market Risk – Commodity Price Risk." In addition, we have a brand portfolio across the premium, mainstream and value product segments, which allows us to pass through increases in commodity prices more efficiently.

Product Mix

We have a diversified product portfolio across 56 product categories, as well as platform tiers (premium, mainstream and value) aiming to reach all socioeconomic levels. Our product category diversification has minimized any seasonality effects on our business. Furthermore, we believe that our socioeconomic diversification allows us to tailor our product mix volumes depending on the purchasing power changes experienced by consumers at the various socioeconomic levels. In addition, as the purchasing power of the Peruvian consumer has increased, we have benefitted from being able to sell more products aimed at higher socioeconomic levels, which generate higher margins for us.

Price Elasticity

Price elasticity refers to the ability of companies to pass on certain cost increases to their consumers. As our cost of sales increase due to commodity price increases, we may not be able to pass on all of these costs to our consumers, which may, in turn, negatively affect our profit margins. During the periods under discussion, we were able to pass on most of the costs to our customers as a result of (i) our pricing strategy in our platform tiers, which enabled us to offset increasing costs as our higher tiered products grew more than lower tiered products and consumers of such higher tiered products are less sensitive to increases in prices and (ii) an increase in our consumer loyalty which also decreases price sensitivity. However, we cannot offer any assurance that this pattern will continue in the future.

Cost of Advertising and Promotion

We support our current brands and products as well as the launch of new products through extensive advertising and promotions tailored and targeted to the specific markets in which we operate, particularly in our premium and mainstream platform tiers. As a result, we incur significant selling expenses associates with such advertising.

Distribution and Production Efficiencies

The ability to grow our sales volume while maintaining our current cost structure is essential in order to achieve profitable results. In order to increase our productivity, we must efficiently use our production and distribution facilities and control variable costs and expenses. In addition, within fixed costs and expenses we expect to achieve economies of scale as we intend to increase our sales volumes without using increasingly more resources.

Organic Growth

One of our key strategic initiatives is to grow organically by modernizing our property, plant and equipment and by expanding our brand portfolio through the introduction of new brands or the expansion or reinforcing of our current brands.

Property, plant and equipment

Over the last three years, we have invested S/ 450 million (S/ 212 million in 2018, S/ 113 million in 2017 and S/ 124 million in 2016) in new plants and equipment, as well as the modernization and expansion of our distribution centers, as we seek to maintain our competitive advantage in the markets in which we operate and prepare ourselves for future growth.

Brand development

We continue to strengthen our brand recognition and portfolio by launching new brands and by expanding or reinforcing our current brands in such core platforms as home care, edible oils, pastas and sauces. For example, in 2018, our brands Alacena, Primor and Bolivar were market leaders, in terms of volumes sold, in Peru. Additionally, in 2018, Primor Tuna, which was launched in 2017, had the second largest market share, in terms of volumes sold. Some of our newest product launches include (i) "SODAV Plain," a soda cookie, (ii) "OPAL Sports," a specialized detergent for sports stains, (iii) "Bolivar Evolution," a liquid detergent offering a balance between care and performance, (iv) Nicolini multi-purpose pastry flour, through which we entered into a new segment of the market focused on cake mixes and (v) "Nicovita Origin," an aquafeed product to promote shrimp health and production, through which we have expanded our Nicovita brand portfolio.

We expect these investments to continue to have a material effect on our results of operations in the near future.

Acquisitions

Another of our key strategic initiatives is to grow through acquisitions. The following is a list of the companies we have acquired in the last three years and through the date of this listing memorandum:

- Fino, a leading agroindustry company located in Bolivia, dedicated to the production and commercialization of edible oils, margarine, shortenings, laundry detergents, among others, in May 2018;
- SAO, a leading agroindustry company located in Bolivia, dedicated, mainly, to crushing business in July 2018; and
- Intradevco, a leading producer and distributor of home and personal care products in the Andean Region, in January 2019.

Our results of operations have been and will continue to be influenced by our ability to successfully integrate newly acquired businesses. In addition, while we do not expect to continue making acquisitions at the same pace in the near future, we will continue to explore strategic acquisitions as they present themselves. Any such acquisition will also affect our results of operations.

Foreign Exchange Rates

Our audited consolidated financial statements are stated in *soles*. We generate revenue primarily in *soles* and, to a lesser extent, in other local currencies in the countries in which we operate. We are exposed to exchange rate risk, most importantly to the U.S. dollar, through our accounts receivable for sales abroad, the purchase of raw materials, loans and other liabilities held in foreign currencies (mainly in U.S. dollars).

Moreover, items included in the separate financial statements of our subsidiaries are presented in the currency of their primary country of operation. Because our audited consolidated financial statements are presented in *soles*, when we prepare our consolidated financial statements, we must translate income, expenses and earnings as well as assets and liabilities from the amounts presented in our subsidiaries' financial statements, at exchange rates in effect during or at the end of each reporting period. As a result of our reporting currency being the *sol*, changes in the value of the *sol* against the currencies of the countries where we do business affects our revenues, income and the value of balance sheet line items originally denominated in local currencies. We manage our foreign currency risk position and have entered into hedging transactions in respect of short-term and long-term foreign currency exchange risks. However, we cannot predict any future trends in the exchange rates of local currencies against the *sol* or U.S. dollar, and there can be no assurance that any future currency hedging activities will be successful in mitigating currency volatility. See "Risks Relating to Peru and the Other Countries in which We Operate—A significant devaluation of the sol certain of our other local currencies could adversely affect us."

Note Regarding Comparability of Our Results of Operations

The comparability of our results of operations is affected by the acquisitions of Fino in May 2018 and SAO in July 2018. Our audited consolidated financial statements for periods prior to the respective dates of the acquisitions do not include the results of Fino and SAO and therefore are not comparable to our results for periods after this date. See Note 3 to our audited consolidated financial statements.

Furthermore, while the Intradevco acquisition is significant in its purchase price and market expansion, it represented an acquisition of a subsidiary whose significance is less than 20.0% when measured in terms of the investment, asset and income tests used to determine a significant subsidiary under Rule 1-02 of Regulation S-X. Accordingly, no separate financial statements for Intradevco are included in this listing memorandum nor any pro forma consolidated financial statements due to the immaterial impact of the acquisition on us as a whole. See "Presentation of Financial and Other Information—Comparability of our results of operations." and Note 40 to our audited consolidated financial statements.

Impact of IFRS 16

Beginning with reporting periods starting from January 1, 2019 onwards, we will be required to implement IFRS 16 – Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. IFRS 16 replaces IAS 17 and related interpretations and determines that lessees are required to recognize a liability for future payments and the right to use the leased asset for nearly all lease agreements. We will first adopt IFRS 16 beginning with our interim financial information as of and for the three-month period ended March 31, 2019. We are still evaluating the impact of IFRS 16 on our consolidated financial statements. We currently do not expect IFRS 16 to have a material impact on our consolidated financial statements. We would like to highlight that, based on our preliminary estimates, we do currently expect our total liabilities as of the date of initial application to increase in the range of 10% to 15% as compared to the amount recorded in our statement of financial position as of December 31, 2018. However, this increase is expected to be offset by an equivalent increase in our right-of-use assets under IFRS 16 and therefore the net effect in our statement of financial position is expected to be zero. These estimates remain preliminary and thus we cannot offer any assurance as to the final impact. For more information about IFRS 16, see Note 4.5 to our audited consolidated financial statements included elsewhere in this listing memorandum.

Results of Operations

General

The following is a brief description of the operating revenues and expenses that are included in the line items of our consolidated income statement.

Operating revenues. Our operating revenues include principally revenue generated from sales of our consumer goods, aquafeed products, B2B branded products, crushing products and others net of rebates.

Cost of sales. Our cost of sales includes principally the costs of raw materials, particularly wheat and soybean crude oil, packaging materials, labor costs, transportation costs and depreciation and amortization of our plant and equipment.

Gross profit. Our gross profit represents the difference between our operating revenues and our cost of sales.

Selling and distribution expenses. Selling and distribution expenses include principally distribution expenses, particularly payments to our third-party distributors, salaries and commissions paid to our sales force as well as marketing expenses. Our marketing expense was S/ 219 million in 2018, S/ 205 million in 2017 and S/ 195 million in 2016. We expect to incur greater marketing expenses for the first three months of 2019 compared to the same period of 2018, due to an increase in new product launches (mainly in the home and personal care division of our consumer goods segment), as we expect consumption in Peru will grow in 2019 due to increasing consumer confidence. These increased marketing expenses may negatively affect our consolidated adjusted EBITDA margin in the first quarter of 2019.

Administrative expenses. Administrative expenses include principally personnel expenses and payments provided to third parties for the provision of administrative services.

Results of operations with commodity derivatives. Our results of operations with commodity derivatives reflects the cost of commodities hedging operations.

Other income (expenses), net. Other income (expenses), net includes any income or expenses that are not part of our ordinary course of business such as those related to sales of our ownership interests in certain companies.

Financial income. Our financial income includes principally interest income earned on cash and cash equivalents.

Financial expenses. Our financial expenses includes (i) fixed and variable interest expense, which is a function of the principal amount, tenor and interest rates on our outstanding debt and (ii) net loss on derivative financial instruments which reflects: (A) the settlement of certain derivative financial instruments, (B) changes in the fair value of derivative financial instruments designated as held for trading because they do not satisfy the requirements for hedge accounting (including *sol* to U.S. dollar exchange rate and interest rate derivatives) (C) the hedging cost of interest rate and currency risks, and, if applicable, (D) the ineffective portion of instruments qualified as hedge accounting.

Net exchange rate difference. Net exchange rate difference includes net gains or losses on our positions in (i) foreign currency (ii) foreign currency hedging instruments, in each case, as a result of exchange rate movements.

Inflation results. Inflation results reflects adjustments to the non-monetary accounts of our subsidiaries in Argentina in accordance with NIC 29, following Argentina's designation as a hyperinflationary economy in 2018. See Note 36b to our audited consolidated financial statements for additional information.

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017 and Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following table sets forth the principal components of our consolidated net income for the years ended December 31, 2018, 2017 and 2016.

	For the year ended December 31,				
	2018	**2018 v. 2017 % Change**	**2017 (restated)**	**2017 v. 2016 % Change**	**2016 (restated)**
			(S/ in millions except percentages)		
Operating revenues					
To third parties	8,259.0	19.9%	6,887.4	7.4%	6,413.4
To related entities	29.7	(52.0)%	61.9	(1.3)%	62.7
Total operating revenues	8,288.7	19.3%	6,949.3	7.3%	6,476.1
Cost of sales	(6,244.0)	23.8%	(5,042.4)	4.7%	(4,814.7)
Gross profit	2,044.7	7.2%	1,906.9	14.8%	1,661.4
Selling and distribution expenses	(681.3)	7.5%	(633.6)	6.0%	(597.8)
Administrative expenses	(603.1)	23.7%	(487.6)	19.2%	(409.2)
Results of operations with commodity derivatives	3.2	192.8%	1.1	(189.6)%	(1.2)
Other income (expenses), net	22.8	(152.1)%	(43.7)	109.5%	(20.9)
Operating profit	786.3	5.8%	743.1	17.5%	632.3
Financial income	68.7	22.9%	55.9	302.5%	13.9
Financial expenses	(211.7)	38.1%	(153.3)	(3.7)%	(159.2)
Net exchange rate differences	(11.8)	122.2%	(5.3)	(74.0)%	(20.4)
Share in the profit of associates	1.7	(158.5)%	(3.0)	(380.3%)	1.1
Inflation results	45.5	-	-	-	-
Profit before income tax	**678.7**	**6.5%**	**637.4**	**36.3%**	**467.7**
Income tax expense	(221.6)	18.2%	(187.5)	16.5%	(160.9)
Net income for the year	**457.1**	**1.6%**	**449.9**	**46.6%**	**306.8**
Net income attributable to:					
Equity holders of the parent	455.0	1.1%	449.9	46.5%	307.2
Non-controlling interests	2.1	N.A.	0.0	(91.5)%	(0.4)
Net income for the year	**457.1**	**1.6%**	**449.9**	**50.4%**	**306.8**

Operating Revenues

The S/ 1,339 million, or 19.3%, increase in our operating revenues for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of (i) a S/ 562 million increase in sales directly attributed to the addition and consolidation of our new segment, crushing, through our acquisitions of Fino and SAO, (ii) an increase in our aquafeed sales of S/ 331 million, or 18.9%, as volume increased 19.9% mainly due to a 29.9% increase in sales of our shrimp feed category, which was partially offset by a decrease in prices of 1.7% (iii) an increase in our consumer goods sales of S/ 359 million, or 9.7%, driven primarily by a volume increase of 12.7%, which primarily reflects an increase of S/ 46 million in volume sales of our "Bolivar" and "Opal Sport" brands, which was partially offset by a decrease in prices of 2.6%, and (iv) an increase in our B2B branded products sales of S/ 83 million, or 5.5%, as both prices and volumes increased by 0.8% and 4.7%, respectively.

The S/ 473 million, or 7.3%, increase in our operating revenues for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of (i) an increase in our aquafeed sales of S/ 315 million, or 21.8%, as volume increased by 30.3%, partially offset by a decrease in prices of 6.5%, (ii) an increase in our consumer goods sales of S/ 114 million, or 3.2%, as prices increased by 3.3%, partially offset by a decrease in volume of 0.2%, and (iii) an increase in our B2B branded products sales of S/ 45 million, or 3.1%, as both prices and volume increased by 1.1% and 2.0%, respectively.

The following table presents a breakdown of our operating revenues by business segment for the years indicated:

	For the year ended December 31,				
	2018	2018 v. 2017 % Change	2017 (restated)	2017 v. 2016 % Change	2016 (restated)
	(S/ in millions except percentages)				
Consumer goods					
Consumer goods – Peru	2,759.7	8.5%	2,544.0	6.3%	2,392.4
Consumer goods – International	1,289.2	12.5%	1,145.4	(3.2)%	1,183.2
Total consumer goods	**4,048.9**	**9.7%**	**3,689.5**	**3.2%**	**3,575.6**
Aquafeed	2,087.5	18.9%	1,756.4	21.8%	1,441.8
B2B branded products[(1)]	1,590.7	5.8%	1,503.4	3.1%	1,458.7
Crushing	561.6	-	-	-	-
Total	**8,288.7**	**19.3%**	**6,949.3**	**7.3%**	**6,476.1**

(1) Our B2B branded products results also include sales of our "others" category, which consists of grinding and other subproducts that are not considered part of our core business.

Consumer Goods

The S/ 359 million, or 9.7% increase in our consumer goods sales in 2018 as compared to 2017 was primarily the result of (i) an increase in detergent sales of S/ 47 million, or 8.6%, which primarily reflects an increase in volume of 9.4%, partially offset by a decrease in price of 0.7% and (ii) an increase in packaged foods sales of S/ 37 million, or 94.6%, mainly due to a 97.1% increase in volume, which allowed us to achieve market leadership in this product category from its launch in 2017, partially offset by a decrease in prices of 1.3%. The sauces, cookies and pasta categories were among other growing categories, with sales increasing by S/ 26 million, or 13.4%, S/ 22 million, or 8.9%, and S/ 18 million, or 5.0%, respectively. These increases were driven mainly by increases in volume of 16.6%, 6.4% and 4.5%, respectively, as well as an increase in prices in our cookies and pasta categories of 2.3% and 0.4%, respectively, which were partially offset by decrease in prices in our sauces categories of 2.8%. Overall, sales in our Peruvian consumer goods operations increased by S/ 216 million, or 8.5%, as volume increased by 7.3% and prices increased by 1.1%, while sales in our International consumer goods operations increased by S/ 144 million, or 12.5%, as volume increased by 23.6% and was partially offset by a 8.9% decrease in prices.

The S/ 114 million, or 3.2%, increase in our consumer goods in 2017 as compared to 2016 was primarily the result of (i) an increase in sales of our new canned tuna product under our "Primor" brand of S/ 40 million, which we did not have in 2016, (ii) an increase in edible oil sales of S/ 39 million, or 8.1%, as volume sales increased by 2.3% mainly due to improved management at points of sale and investment in related brands, and a 5.6% increase in prices, and (iii) an increase in detergent sales by S/ 32 million, or 6.2%, as compared to 2016. Overall, sales in our Peruvian consumer goods operations increased by S/ 152 million, or 6.4%, as volume and prices increased by 2.9% and 3.4%, respectively, while sales in our International consumer goods operations decreased by S/ 39 million, or 3.3%, as volume decreased by 5.9% and offset a 2.8% increase in prices.

Aquafeed

The S/ 331 million, or 18.9%, increase in our aquafeed sales in 2018 as compared to 2017 was primarily the result of (i) higher sales in the shrimp feed category of S/ 304 million, or 27.8%, mainly due to a 27.6% increase in sales in Ecuador, which in turn was due to a volume increase of 29.9%, partially offset by a decrease in prices of 1.7% and (ii) an increase in sales in our fish feed category of S/ 27 million, or 4%, due to increased sales in the Peruvian market as volume increased by 0.8% and prices increased by 3.4%.

The S/ 315 million, or 21.8%, increase in our aquafeed sales in 2017 as compared to 2016 was primarily result of an increase of S/ 222 million, or 26.0%, in our shrimp feed sales, mainly driven by (i) an increase in volume of 31.4% as we increased our market share due to the launch of new product lines and sales through distributors, and (ii) an increase in our fish feed sales of S/ 92 million, or 16.0%, which reflects an increase in volume of 28.3.% in Chile mainly due to increased demand from the salmon industry following its recovery from the 2016 seaweed bloom crisis.

B2B Branded Products

The S/ 87 million, or 5.8%, increase in our B2B branded products sales in 2018 as compared to 2017 was primarily the result of (i) an increase of S/ 30 million, or 7.0%, in our bulk oils sales, as volume increased by 7.2% and prices remained stable, with the volume sales increase mainly due to an increase in our industrial client base due to the growth of the canning and agroindustry sector, (ii) an increase of S/ 24 million, or 4.3%, in our industrial flours sales, as volume increased by 4.2 %, which in turn was mainly due to our new price gap strategy, which decreased the price difference between our products and those of our competitors in order to recover the volume decrease in 2017 and a new promotional dynamics in the food service sector, (iii) an increase of S/ 14 million, or 15.4%, in our nutritional food sales, as prices increased by 18.2% mainly due to a recovery in consumer demand following the impact of *El Niño* during 2017, which was partially offset by a 2.3% decrease in sales volume, and (iv) an increase of S/ 13 million, or 14.5%, in our industrial sauces sales, as volume increased by 19.0% mainly due to sales of our brand "Alpesa" in Peruvian provinces, which was partially offset by a decrease in prices of 3.8% as a result of lower manufacturing costs.

The S/ 45 million, or 3.1% increase in our B2B branded products sales in 2017 as compared to 2016 was mainly due to (i) an increase of S/ 27 million, or 6.8%, in sales volume in our bulk oils category as a result of growth in our industrial customer base and sales to the food service market, (ii) an increase of S/ 9 million, or 10.4%, in sales volume in our gastronomy sauces category, mainly due to increased sales of our Macbel and Alpesa brands in Peruvian provinces as consumer habits shift from home-made sauces to manufactured products, and (iii) an increase of S/ 6 million, or 12.8%, in sales volume in our industrial margarine category, mainly due the recovery in sales through supermarkets and department stores.

Crushing

For the year ended December 31, 2018, we had sales of S/ 562 million in our crushing products. These results reflect our acquisitions of the crushing business lines from Fino in May 2018 and from SAO in July 2018.

Cost of Sales

The S/ 1,202 million, or 23.8%, increase in our cost of sales for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of (i) an increase of S/ 871 million in our cost of sales mainly reflecting the addition and consolidation of our new segment, crushing, through our acquisitions of Fino and SAO and (ii) an increase of S/ 331 million in the cost of sales from continuing operations, mainly driven by an increase in the price of our raw materials.

The S/ 228 million, or 4.7%, increase in our cost of sales for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of (i) an increase of S/ 199 million, or 4.8%, mainly in the purchase prices of our soft commodities and (ii) a S/ 29 million or, 10.6% increase in our personnel expenses.

Gross Profit

The S/ 138 million, or 7.2%, increase in our gross profit for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of an increase in our sales volume of 601,341 metric tons, or 32.2%, partially offset by a 23.8% increase in our cost of sales, which in turn reflects our consolidation of Fino's and SAO's results into our consolidated results of operations. This increase in our cost of sales in relation to our sales decreased our gross margin by 2.8% to 24.7% for 2018 from 27.4% for 2017.

The S/ 245 million, or 14.8%, increase in our gross profit for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of an increase of S/ 473 million, or 7.3%, in our operating revenues as described above, partially offset by a S/ 228 million, or 4.7%, an increase in our cost of sales due to an increase in our sales volumes. This increase in our operating revenues in relation to our cost of sales increased our gross margin by 1.7% to 27.4% for 2017 from 25.7% for 2016.

Selling and Distribution Expenses

The S/ 48 million, or 7.5%, increase in our selling and distribution expenses for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of increases in our (i) sales personnel expenses of 11.1% and (ii) advertising and promotional services expenses and sales commissions of 2.9%, all due to an increase on our client coverage range across the countries in which we operate aimed at fostering sales.

The S/ 36 million, or 6.0%, increase in our selling and distribution expenses for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of an increase of S/ 54 million, S/ 23 million and S/ 4 million in other management charges, personnel expenses and receivables impairment allowance, respectively, which were partially offset by a S/ 46 million decrease in expenses for services rendered by third parties.

Administrative Expenses

The S/ 116 million, or 23.7%, increase in our administrative expenses for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of (i) an increase of S/ 57 million, or 33.6%, in operating expenses such as consulting, advisory, maintenance and repair expenses mainly due to the addition and consolidation of our new segment, crushing, through the acquisitions of Fino and SAO into our consolidated results of operations and (ii) an increase of S/ 32 million, or 13.9%, in our personnel expenses due to an increase in wages as well as an increase in our overall number of employees after our acquisitions in 2018.

The S/ 78 million, or 19.2%, increase in our administrative expenses for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of (i) an increase of S/ 53 million, or 30.5%, in our personnel expenses, due to a management restructuring process to optimize our operations and (ii) an increase of S/ 21 million, or 14.5%, in our consulting expenses related to general business advisory services.

Other Income (Expenses), Net

The reversal in our other income (expenses), net from an expense in the year ended December 31, 2017 to income in the year ended December 31, 2018 was primarily the result of (i) a S/ 30 million recovery in our allowances for doubtful accounts, mainly reflecting a S/ 21million recovery in Vitapro Chile S.A., and (ii) a decrease of S/ 33 million in losses on the sale and disposal of fixed assets and assets available for sale.

The S/ 23 million, or 109.5%, decrease in our other income, net for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of an increase of S/ 25 million in net loss on the sale of fixed assets and assets available for sale.

Financial Income

The S/ 13 million, or 22.9%, increase in our financial income for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of (i) a S/ 7 million increase in fee collected by our Bolivian subsidiaries, Fino and SAO, from Bolivian banks to incentivize U.S. dollar transfers into Bolivia and (ii) a S/ 6 million increase in interest payments received by our Bolivian subsidiaries, Fino and SAO, from loans provided to farmers.

The S/ 42 million, 302.5%, increase in our financial income for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of (i) a S/ 26 million increase in interest earned on our bank deposits and (ii) S/ 10 million increase in dividends received from our shares in Credicorp Ltd.

Financial Expenses

The S/ 58 million, or 38.1%, increase in our financial expenses for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of (i) an increase in our net hedging losses of S/ 27 million, or 80.1%, mainly due to losses in our hedges for our operations in Argentina and (ii) an increase in our interest charges of S/ 22 million, or 68.4%, mainly due to a 56.4% increase in financial debt, largely related to our acquisition activity in 2018.

The S/ 6 million, or 3.7%, decrease in our financial expenses for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of a S/ 32 million decrease in interest paid on our bank debt due to lower interest rates, partially offset by (i) a S/ 21 million increase in net losses relating to foreign exchange and interest rate derivative instruments and (ii) a S/ 7 million increase in interest expenses in connection with bonds issued in the Peruvian capital markets.

Net Exchange Rate Difference

The S/ 6 million, or 122.6%, increase in our net exchange rate difference for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of exchange rate volatility in the Euro, the Chilean peso and the Argentine peso against the U.S. dollar during 2018, which resulted in a S/ 2 million foreign exchange loss in our each of our subsidiaries in Spain, Chile and Argentina.

The S/ 15 million, or 74.0%, decrease in our net exchange rate difference for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of devaluation of the U.S. dollar as compared to the Peruvian *sol*, the Argentine peso and the Euro.

Profit Before Income Tax

As a result of the factors mentioned above, our profit before income tax increased by S/ 41 million, or 6.5%, for the year ended December 31, 2018 as compared to the year ended December 31, 2017.

As a result of the factors mentioned above, our profit before income tax increased by S/ 170 million, or 36.3%, for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

Income Tax Expense

Our effective tax rate was 32.7% for the year ended December 31, 2018 as compared to 29.4% for the year ended December 31, 2017. The increase in our income tax expense was primarily the result of the 6.5% increase in our profit before income tax. We had a nominal tax rate of 29.5% for the years ended December 31, 2018 and 2017.

Our effective tax rate was 29.4% for the year ended December 31, 2017 as compared to 34.8% for the year ended December 31, 2016. The increase in our income tax expense was primarily the result of the 37.7% increase in our profit before income tax. We had a nominal tax rate of 28% for the year ended December 31, 2016.

Net Income

The S/ 7 million, or 1.6%, increase in our net income for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of the factors mentioned above.

The S/ 143 million, or 46.6%, increase in our net income for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of the factors mentioned above.

Liquidity and Capital Resources

Overview

Historically, we have generated and expect to continue to generate positive cash flows from operations. Cash flow from operations primarily represents inflows from net earnings (adjusted for depreciation and other non-cash items) and outflows from increases in working capital needed to sustain our business growth. Cash flow used in investing activities represents our investment in property and capital equipment required for our growth, as well as our acquisition activity. Cash flow from financing activities is primarily related to changes in indebtedness to grow the business or indebtedness repaid with cash from operations or refinancing transactions as well as dividends paid. Our current dividend policy is to distribute to our shareholders at least 10.0% of our annual net income in dividends.

Our principal capital needs are for working capital, capital expenditures related to maintenance, expansions and acquisitions, debt service and dividend payments. Our ability to fund our capital needs depends on our ongoing ability to generate cash from operations, overall capacity and terms of financing arrangements and our access to the

capital markets. In addition, effective June 17, 2019, we will be required to comply with a new nutritional labeling requirement in Peru for which we expect to spend approximately S/ 1 million during 2019, resulting in an increase in our other expenses, net. We believe that our cash from operations together with our access to funds available under such financing arrangements and the capital markets will provide adequate resources to fund both short-term and long-term operating requirements, capital expenditures, new acquisitions and business development activities.

Analysis of Cash Flows

The following table summarizes our generation and use of cash for the years indicated.

	For the year ended December 31,				
	2018	**2018 v. 2017 % Change**	**2017 (restated)**	**2017 v. 2016 % Change**	**2016 (restated)**
			(S/ in millions)		
Net cash provided by operating activities	873.8	(1.0%)	882.3	(5.1%)	929.4
Net cash (used in) investing activities	(1,203.3)	439.7%	(223.0)	115.6%	(103.4)
Net cash provided by (used in) financing activities	322.7	177.6%	116.3	117.5%	(665.1)

Operating Activities

The S/ 8 million, or 1.0% decrease in our net cash provided by operating activities for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of (i) a S/ 1,276 million, or 24.8%, increase in payments to suppliers, (ii) a S/ 141 million, or 85.7%, increase in our income tax payments and (iii) a S/ 63 million, or 9.1%, increase in our administrative expenses, which were partially offset by a S/ 1,471 million, or 21.3% increase in our collections for product sales.

The S/ 47 million, or 5.1% decrease in our net cash provided by operating activities for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of (i) a S/ 178 million, or 3.6%, increase in payments to suppliers, (ii) a S/91 million, or 15.3%, increase in personnel expenses, (iii) a S/ 88 million, or 113.6%, increase in our income tax payment , and (iv) a S/ 25 million, or 78.0%, increase in other expenses related to operating activities such as increases in the costs of raw materials. This decrease was partially offset by a S/ 336 million, or 5.1%, increase in our collections for product sales.

Investing Activities

The S/ 980 million, or 439.7%, increase in our cash flows used in investing activities for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of (i) an increase of S/ 139 million, or 165.1%, in purchases of property, plant and equipment related to the capacity expansion at our main facilities to meet our expected increased product demand in the coming years, and (ii) our acquisitions of Fino in May 2018 for US$293 million and SAO in July 2018 for US$115 million. This increase was partially offset by an increase in cash provided by investing activities of S/ 361 million mainly due to our investments in time deposits with tenors shorter than 90 days.

The S/ 120 million, or 115.6%, increase in our cash flows used in investing activities for the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily the result of a S/ 184 million investment in time deposits with tenors longer than 90 days. This increase was partially offset by (i) a decrease of S/ 40 million relating to investments in capital expenditures of property, plant and equipment and (ii) an increase of S/ 23 million in cash provided by investment activities mainly due to interest payments received on certain of our investments.

Financing Activities

The S/ 206 million, or 177.6% increase in our net cash provided by financing activities for the year ended December 31, 2018 as compared to the year ended December 31, 2017 was primarily the result of increases in our long-term debt to finance our capital expenditures of property, plant and equipment, as well as the partial financing of our acquisitions of Fino in May 2018 for US$293 million and of SAO in July 2018 for US$115 million. This

increase was partially offset by the dividend of S/ 0.24 per share (totaling S/ 205 million) we paid in 2018, an increase of 61.6% compared to the dividend of S/ 0.14 per share (totaling S/ 127 million) paid in 2017.

The reversal in our financing cash flows from a cash outflow in the year ended December 31, 2016 to a cash inflow in the year ended December 31, 2017 was primarily the result of a 132.9% increase in loans received, partially offset by (i) a 42.2% increase in loan amortization and (ii) a 174.6% increase in our dividend payment from S/ 0.05 per share (totaling S/ 46 million) in 2016 to S/ 0.14 per share (totaling S/ 127 million) in 2017.

Capital Expenditures

In 2018, 2017 and 2016, we made capital expenditures (other than in connection with acquisitions) of S/ 213 million, S/ 114 million and S/ 124 million, respectively. These capital expenditures were primarily used for the expansion and maintenance of productive assets.

The table below describes our capital expenditures for the given periods (other than in connection with acquisitions):

	For the year ended December 31,		
	2018	2017 (restated)	2016 (restated)
		(S/ in millions)	
Work in progress and advances	180.0	111.6	119.8
Machinery and equipment[(1)]	22.2	1.8	3.3
Land, constructions and buildings and other construction	10.2	0.1	0.8
Total capital expenditures	**212.5**	**113.5**	**123.8**

(1) Includes machinery and equipment, transport units, furniture and fixtures, computer equipment and other equipment.

Our primary capital expenditures in 2019, on a consolidated basis, will relate mainly to upgrading our information technology infrastructure and systems to improve our operational efficiency, through implementation of the new ERP software (an update using SAP technology), which we expect to complete by 2020. As of the date of this listing memorandum, the total estimated capital expenditures for this are approximately US$30 million.

Indebtedness

Overview

As of December 31, 2018, our total consolidated current debt was S/ 928 million, and our total consolidated non-current debt was S/ 2,119 million.

The table below sets forth the details of our outstanding debt as of December 31, 2018, 2017 and 2016:

	As of December 31,		
	2018	2017 (restated)	2016 (restated)
		(S/ in millions)	
Current debt			
Import finance	0.0	0.0	0.0
Bank loans	30.6	217.3	103.2
Short-term bank loan	607.9	603.0	21.8
Corporate bonds	140.8	132.1	116.0
Commercial paper	143.6	0.0	0.0
Call spread premium deferred	1.8	1.6	1.5
Financial leases	3.1	0.9	0.8
Total current debt	**927.8**	**955.0**	**243.3**
Non-current debt			
Bank loans	892.7	58.5	427.1
Corporate bonds	1,209.4	930.0	936.8
Commercial paper	0.0	0.0	0.0
Call spread premium deferred	7.8	9.6	11.2
Financial leases	9.2	0.3	0.7
Total non-current debt	**2,119.1**	**998.4**	**1,375.8**

	As of December 31,		
	2018	2017 (restated)	2016 (restated)
		(S/ in millions)	
Total borrowings	**3,046.8**	**1,953.4**	**1,619.1**

Borrowings from Banks and Other Financial Institutions

The following is a brief summary of our existing loans and credit facilities.

Subsidiaries

On February 25, 2016, Industrias de Aceite S.A. entered into a long-term loan with Banco de Credito de Bolivia in the aggregate principal amount of Bs. 41 million (equivalent to S/ 20 million). The loan accrues interest at a fixed annual rate of 3.5% and matures on February 27, 2023. As of December 31, 2018 the total outstanding balance of the long-term loan was Bs. 24 million (equivalent to S/ 12 million). This loan does not contain financial covenants and obligations.

Between April 2018 and June 2018, Industrias de Aceite S.A., entered into various short-term loans with Banco de Credito de Bolivia, Banco Mercantil de Santa Cruz and Banco Nacional de Bolivia, respectively. As of December 31, 2018, the total outstanding balance of these short-term loans was Bs. 124 million (equivalent to S/ 60 million), with interest rates ranging from 3.8% to 3.9%.

In December 2018, R Trading S.A., entered into various short-term loans with Banco de Credito del Peru and Scotiabank Peru S.A.A., respectively. As of December 31, 2018, the total outstanding balance of these short-term loans was S/ 67 million, with interest rates ranging from 3.88% to 4.10%. These loans are guaranteed by us.

On December 2018, Vitapro Peru S.A., entered into various short-term loans with Scotiabank S.A.A. As of December 31, 2018, the total outstanding balance of these short-term loans was US$20 million (equivalent to S/ 68 million), each with an interest rate of 2.90%. These loans are guaranteed by us.

Alicorp S.A.A.

On April 23, 2018, we and our subsidiary, Holdco Bolivia Inversiones S.A., entered into a loan agreement with J.P. Morgan Chase Bank, MUFG Bank LTD, Sumitomo Bank Corporation and The Bank of Nova Scotia in the aggregate principal amount of US$400 million (equivalent to S/ 1,352 million). This loan accrues interest at three-month LIBOR plus 1.25% and matures on April 22, 2022. As of December 31, 2018 the total outstanding balance of the loan was US$222 million (equivalent to S/ 750 million). The terms of this loan do not contain financial covenants and obligations.

On November 29, 2018, we entered into a loan agreement with Banco Internacional del Peru in the aggregate principal amount of S/ 50 million. This loan accrues interest at a fixed annual rate of 4.95% and matures on November 14, 2021. As of December 31, 2018 the total outstanding balance of the loan was S/ 50 million.

Between November 2018 and December 2018, we entered into short-term loans with BBVA Continental and Banco de Credito del Peru, respectively. As of December 31, 2018, the total outstanding balance under these short-term loans was S/ 413 million, with interest rates ranging from 3.75% and 3.95%.

On December 28, 2018, we entered into a long-term loan with Banco de Credito del Peru in the aggregate principal amount of S/ 80 million. This loan accrues interest at fixed annual rate ranging from 4.6% to 4.9%. The loan matures on January 22, 2020. As of December 31, 2018 the total outstanding balance of the long-term loan was S/ 80 million.

On January 24, 2019, we entered into the Bridge Loan Agreement, with a syndicate of banks which includes the initial purchasers and/or affiliates of the initial purchasers, in the amount of US$500 million. The Bridge Loan Agreement has a maturity date of January 29, 2020 and was disbursed in full on January 29, 2019, to fund the

Intradevco acquisition. We expect to repay the full outstanding principal amount of US$500 million (equivalent to S/ 1,690 million) under the Bridge Loan Agreement with the net proceeds from this offering. See "Use of Proceeds".

Participation in the Capital Markets

Alicorp S.A.A.

The following is a brief summary of our outstanding corporate bonds:

International Bonds

- On March 15, 2013, we issued US$450 millon 3.875% Senior Notes due 2023 pursuant to a private placement under Rule 144A and Regulation S under the Securities Act. In 2015, we completed a series of liability management transactions through which we purchased a total aggregate principal amount of US$387 of the outstanding 2023 Senior Notes. Additionally, in 2016, we completed a privately negotiated repurchase for US$0.4 million. As of December 31, 2018, the outstanding debt under the 2023 Senior Notes was US$62 million (equivalent to S/ 211 million).

Local Bonds and Commercial Paper

Our third local corporate bond program was registered with the SMV on December 5, 2014 for a total aggregate amount of up to S/ 1,000 million. As of December 31, 2018, we currently have outstanding an aggregate principal amount of S/ 730 million in local bonds outstanding under this program, as follows:

- On January 22, 2015, we issued a corporate bond in the local capital markets in the aggregate principal amount of S/ 500 million. The bonds will be semiannually redeemed effective from July 2025 to January 2030 and bear interest at an annual nominal rate of 7.0%.

- On March 23, 2016, we issued two series of corporate bonds in the local capital markets in the aggregate principal amount of (i) S/ 70 million, maturing in March 2019 and bearing interest at an annual nominal rate of 6.84375% and (ii) S/ 160 million, maturing in March 2023 and bearing interest at an annual nominal rate of 7.81250%.

Our first local corporate bond and commercial paper program was registered with the SMV on December 26, 2017 for a total aggregate amount of up to S/ 1,500 million. As of December 31, 2018, we currently have outstanding an aggregate principal amount of S/ 370 in local bonds outstanding under this program, as follows:

- On October 25, 2018, we issued corporate bonds and commercial paper in the local capital markets in the aggregate principal amount of (i) S/ 220 million, maturing in October 2024 and bearing interest at an annual nominal rate of 6.5% and (ii) S/ 150 million, maturing in October 2019 and bearing interest at an annual nominate rate of 4.25%, respectively.

Fino

The following list is a brief summary of Fino's corporate bonds.

Fino's second local bond program was registered in Bolivia with *Autoridad de Supervisión del Sistema Financiero* ("ASFI") on May 28, 2012 for a total aggregate amount of up to US$20 million (equivalent to S/ 68 million). As of December 31, 2018, Fino currently has outstanding an aggregate principal amount of Bs. 20 million (equivalent to S/ 10 million) in local Bolivian bonds under this program, as follows:

- On May 25, 2012, Fino issued a corporate bond in the Bolivian capital markets in the aggregate principal amount of Bs. 70 million, maturing in April 2019 and bearing interest at an annual nominal rate of 6%. As of December 31, 2018, the outstanding amount was Bs. 7 million (equivalent to S/ 3 million).

- On December 3, 2012, Fino issued a corporate bond in the Bolivian capital market in the aggregate principal amount of Bs. 67 million, maturing in October 2019 and bearing interest at an annual nominal rate of 6%. As of December 31, 2018, the outstanding amount was Bs. 13 million (equivalent to S/ 7 million).

Fino's third local bond program was registered in Bolivia with ASFI on February 22, 2013 for a total aggregate amount of up to US$75 million (equivalent to S/ 253 million). As of December 31, 2018, Fino currently has outstanding an aggregate principal amount of Bs. 239 million (equivalent to S/ 116 million) in local Bolivian bonds under this program, as follows:

- On February 28, 2013, Fino issued a corporate bond in the Bolivian capital markets in the aggregate principal amount of US$20 million, maturing in January 2019 and bearing interest at an annual nominal rate of 5.50%. As of December 31, 2018, the outstanding amount was less than US$0.1 million (equivalent to less than S/ 1 million).

- On November 22, 2013, Fino issued a corporate bond in the Bolivian capital markets in the aggregate principal amount of Bs. 52 million, maturing in October 2019 and bearing interest at an annual nominal rate of 5.5%. As of December 31, 2018, the outstanding amount was Bs. 10 million (equivalent to S/ 5 million).

- December 30, 2013, Fino issued a corporate bond in the Bolivian capital markets in the aggregate principal amount of US$15 million, maturing in November 2019 and bearing interest at an annual nominal rate of 6.25%. As of December 31, 2018, the outstanding amount was less than US$0.1 million (equivalent to less than S/ 1 million).

- On December 18, 2015, Fino issued a corporate bond in the Bolivian capital markets in the aggregate principal amount of Bs. 70 million, maturing in November 2021 and bearing interest at an annual nominal rate of 5.5%. As of December 31, 2018, the outstanding amount was Bs. 68 million (equivalent to S/ 33 million).

- On February 25, 2016, Fino issued a corporate bond in the Bolivian capital markets in the aggregate principal amount of Bs. 171 million, maturing in January 2022 and bearing interest at an annual nominal rate of 5.5%. As of December 31, 2018, the outstanding amount was Bs. 161 million (equivalent to S/ 78 million).

Fino's fourth local bond program was registered in Bolivia with ASFI on December 8, 2016 for a total aggregate amount of up to US$100 million (equivalent to S/ 338 million). As of December 31, 2018, Fino currently has outstanding an aggregate principal amount of Bs. 136 million (equivalent to S/ 66 million) in local Bolivian bonds under this program, as follows:

- On June 30, 2017, Fino issued a corporate bond in the Bolivian capital markets in the aggregate principal amount of Bs. 173 million, maturing in June 2022 and bearing interest at an annual nominal rate of 4.00%. As of December 31, 2018, the outstanding amount was Bs. 136 million (equivalent to S/ 66 million).

Fino's bonds mentioned above contain restrictive covenants. These covenants include, among other limitations, the following:

- requirement that Fino maintain a debt service coverage ratio of no less than 2.60x.

- requirement that Fino's debt to equity ratio not exceed 2.20x.

- requirement that Fino maintain a current ratio of no less than 1.15x.

Fino is currently in compliance with all such covenants.

Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2018, which has not been adjusted to give effect to this offering or the use of proceeds therefrom:

	Payments due in period				
Obligation	**Total**	**Less than 1 year**	**1-2 years**	**-5 years**	**More than 5 years**
			(S/ in millions)		
Long-term debt obligations	2,295.3	176.2	907.4	712.3	499.4
Short-term debt obligations	751.5	751.5	0.0	0.0	0.0
Total	**3,046.8**	**927.8**	**907.4**	**712.3**	**499.4**

Critical Accounting Policies

Summaries of our significant accounting policies are included in Note 4 to our audited consolidated financial statements included elsewhere in this listing memorandum. We believe that the consistent application of these policies enables us to provide readers of our audited consolidated financial statements with more useful and reliable information about our operating results and financial condition.

Qualitative and Quantitative Disclosure about Market Risks

The following is a discussion of the risks we are exposed to in the ordinary course of our business.

Derivative Financial Instruments

We use derivative financial instruments such as interest rate swaps, futures prices for commodities, cross currency swaps and currency forwards to hedge our interest rate, commodity price and foreign currency exchange risks, respectively.

Management has determined that all such financial instruments qualify as hedge accounting in accordance with IFRS 9. Hence, for all such financial instruments, the hedging cost is measured at the date the derivative contract is entered into and is then amortized on a straight-line basis over the term of the contract, which affects our results for each period, since the covered item is related to a period of time. Subsequent changes from this value are recorded in the consolidated statement of other comprehensive income, without affecting our results for the period in profit or loss.

At the inception of the hedge relationship, we formally designate and document the relationship between the hedging instrument and the hedged item along with the risk management objectives and strategy. The documentation includes identification of the hedging instrument, the hedged item or the nature of the risk hedged and whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. For more information regarding our derivative financial instruments, see Note 24 to our audited consolidated financial statements.

During 2018, 2017 and 2016, we recorded losses relating to the fair value of our derivative financial instruments of S/ 57, S/ 40 and S/ 26, respectively. These losses were primarily related to mark-to-market losses associated with foreign currency exchange rate and interest rate derivative financial instruments which is reflected in the "financing expenses" line item of our income statement.

Foreign Currency Exchange Rate Risk

We have entered into foreign exchange derivatives with the objective of limiting our exposure to fluctuations in the Peruvian *sol* per U.S. dollar exchange rate. At December 31, 2018, the position of our exchange rate derivatives was as follows:

Type of derivative, value or contract	Notional amount	Underlying Asset		Fair Value		Maturity			Collateral
		Unit	Reference	Asset	Liability	2019	2020	2021+	
	(US$ in millions)			(S/ in millions)					
Cash Flow Hedges									
U.S. dollars / *soles* call spread	US$62.8	U.S. dollars/*soles*	Alicorp S.A.A notes due 2023	S/ 15.2				US$62.8	
Swaps									
Coupon swap contracts	US$50.0	U.S. dollars/*soles*	Alicorp S.A.A notes due 2023	S/ 2.7				US$50.0	
Cross currency swap contract	US$39.4	U.S dollars/ Brazilian reais	Intercompany Loan due 2022	S/ 15.0		US$10.5	US$10.5	US$18.4	
				S/ 17.7		US$10.5	US$10.5	US$68.4	
Forwards									
Euro / U.S dollars Forwards	US$20.0	Euro / U.S dollars	Intercompany Loans	S/ 0.2		US$20.0			
U.S. dollars / Argentinian peso Forwards	US$10.6	U.S. dollars / Argentinian peso	Intercompany Loans		S/ 2.6	US$10.6			
U.S. dollars / *soles* Forwards	US$221.2	U.S. dollars / *soles*	Accounts payables	S/ 14.6		US$221.2			
				S/ 14.8	S/ 2.6	US$251.8			
Trading									
Exchange rate options	US$106.2	U.S. dollars / *soles*	Accounts payables		S/ 1.9	US$106.2			

Commodity Price Risk

We are exposed to business risks generated by changes in the price of the raw materials required for the manufacturing of our products, which are hedged through corporate negotiations with our corresponding suppliers. We have entered into option contracts in respect of these raw materials in order to cover the effect of changes in commodity prices.

Our management believes that a 10.0% increase or decrease in commodity prices over the next six months would not have a significant effect on our financial results, since we maintain corresponding hedges.

Interest Rate Risk

We may obtain financing with fixed or floating interest rates. In some cases, after obtaining floating rate funding, the interest rate is compared to current and future market rates and the necessary derivative transactions are conducted in order to mitigate the impact of fluctuations thereon. When necessary, we will enter into hedge agreements to exchange floating interest rates for fixed rates and thus reduce the risk of fluctuations in interest rates.

Additionally, our operating cash flows are substantially independent from changes in market interest rates. Accordingly, our management believes we currently have insignificant exposure to interest rate risk.

Credit Risk

We are exposed to credit-related losses mainly due to our bank deposits and trade receivables. To manage our bank deposit credit risk, we only deposit our cash with credit-worthy and well-known international financial entities. Our trade receivables are heavily concentrated in Chile, Ecuador and Peru, accordingly, economic changes in these countries can have a material impact on our financial statements. We continuously monitor our exposure to credit risk based on real historical experience and the use of guidelines and policies to ensure we maintain a diversified portfolio. In addition, we have a diversified client base where no client represented more than 6.0% of our operating profit as of December 31, 2018. Additionally, our wide and diversified client base ranges from supermarkets to wholesalers, with most of our wholesale clients making their purchases in cash. As such, there have not been any significant issues related to questionable collections in the past.

Liquidity Risk

As of December 31, 2018 we had S/ 1,037 million in cash and cash equivalents position and S/ 3,335 million in available lines of credit. We expect that the net proceeds from this offering, together with our existing cash and cash equivalents and available lines of credit, will enable us to fund our current financial liabilities, operating expenses and capital expenditure requirements for at least the next 12 months. These estimates are based on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we expect.

Off-Balance Sheet Arrangements

We currently do not have transactions involving off-balance sheet arrangements.

INDUSTRY

Our revenues are substantially generated by our operations in Peru and increasingly outside Peru, particularly in Ecuador, Chile, Brazil, Bolivia and Argentina. With our recent acquisitions of Intradevco in Peru in January 2019 and Fino and SAO in Bolivia in May 2018 and July 2018, respectively, we will continue to strengthen our position as a regional consumer goods company; however, our core business platform remains Peru. In addition, following our acquisition of Intradevco, whose operations are primarily in Peru, we expect the significance of our Peruvian business to grow in 2019 and the near future.

Our Core Business Platform: Peru

Overview of the Peruvian Economy

The Peruvian economy has been one of the fastest growing economies in Latin America during the period from 2013 to 2018. According to the Central Bank, Peruvian real GDP grew at an average rate of 3.7% during that period, one of the highest rates in South America. The economic expansion was a result of robust domestic demand, moderate increase in public and private investment, local price stability and improvement in the management of public finances, among other factors.

In addition, the country's strong economic growth has led to a 1.2% compounded increase in GDP per capita from US$6,583 in 2013 to US$6,991 in 2018. According to the INEI, the country's poverty rate (defined as the percentage of population with per capita consumption below S/ 328 per month as of 2016) fell from 23.9% in 2013 to 21.7% in 2018 and is expected, as noted by the Peruvian Ministry of Economy and Finance, to continue declining at a steady rate. Inequality as measured by the Gini coefficient improved from 0.441 in 2013 to 0.438 in 2016, according to the World Bank. Additionally, Apoyo Consultoria reports that for 2018, the labor market improved as shown by increased employment rates and wages in the formal sector, with socioeconomic categories A and B benefiting the most. Likewise, for 2019, Apoyo Consultoria forecasts that the growth of informal wages will accelerate due to increased formal employment, which is expected to boost consumption in the services and commerce sectors of the informal sector. The most benefited socioeconomic categories are expected to be C, D and E, which generally have lower average incomes, than A and B.

The following table sets forth certain significant economic indicators of the Peruvian economy from 2013 to 2018:

In US$ billion, unless stated otherwise	2013	2014	2015	2016	2017	2018
Nominal GDP …… ….....	200.6	201.6	190.4	194.2	214.6	224.9
Nominal GDP / capita (US$)……..	6,583	6,542	6,113	6,168	6,741	6,991
Real growth rates (% based on local currency GDP)[1]	5.90%	2.40%	3.30%	4.00%	2.50%	4.00%
Private consumption[1]	5.3%	4.1%	4.0%	3.3%	2.5%	3.8%
Private investment[1]	6.4%	(2.1%)	(4.2%)	(5.4%)	0.2%	4.4%
Foreign direct investment[1]	(16.9%)	(54.7%)	86.3%	(17.0%)	(1.4%)	(8.8%)
Public investment)[1]	10.7%	(2.0%)	(9.5%)	(0.2%)	(2.3%)	8.4%
Total private and public fixed investment[1]	7.3%	(2.1%)	(5.2%)	(4.4%)	(0.3%)	5.2%
Exports[1]	(1.3%)	(0.8%)	3.9%	9.4%	7.8%	2.5%
Imports[1]	3.1%	(1.5%)	2.4%	(2.2%)	4.1%	3.4%
Inflation (measured by change in CPI)	2.9%	3.2%	4.4%	3.2%	1.4%	2.2%
Average exchange rate (S/ /US$)	2.722	2.848	3.204	3.380	3.254	3.292
End of period exchange rate (S/ /US$)	2.796	2.989	3.413	3.360	3.245	3.379
Central Bank interest rate (end of period)	4.00%	3.50%	3.75%	4.25%	3.25%	2.75%
Population (million)[2]	30.5	30.8	31.2	31.5	31.8	32.2
Unemployment rate[2]	5.9%	5.9%	6.5%	6.7%	6.9%	6.6%
Total public debt[1]	39.61	40.52	44.59	46.39	53.44	57.85
Debt / nominal GDP (%)	19.6%	20.1%	23.4%	23.9%	24.9%	25.7%
Net reserves	65.7	62.3	61.5	61.7	63.6	60.1
Net reserves / nominal GDP (%)	32.5%	30.9%	32.3%	31.8%	29.7%	26.7%

In US$ billion, unless stated otherwise	2013	2014	2015	2016	2017	2018
Fiscal surplus (deficit) / nominal GDP (%)[1]	0.9%	(0.3%)	(2.0%)	(2.5%)	(3.1%)	(3.3%)

Sources: Central Bank, SBS, Ministry of Economy and Finance, INEI, and IMF.
(1) 2018 projected by the Central Bank.
(2) 2018 projected by INEI.

Average annual inflation, measured by the change in the CPI, was 2.9% for the period from 2013 to 2018. Peru's local price stability has not also been reflected in its currency, the sol, which depreciated from an average of S/ 2.722 per US$1.00 in 2013 to an average of S/ 3.292 per US$1.00 in 2018, a depreciation of 20.9%. Given its recent performance with regard to fiscal balance, debt/GDP ratio and net reserves and high liquidity, Peru's sovereign debt has been granted investment grade rating by S&P, Fitch and Moody's Investors Service, Inc. At the end of 2018, Peruvian debt had one of the highest credit ratings in South America, rated BBB+ by S&P (June 2018) and Fitch (March 2019) and A3 by Moody's (February 2019), only surpassed by Chilean debt and the same as Mexican debt.

The following table sets forth Peru's real GDP by expenditure for the years indicated:

	For the year ended December 31					
GDP by Expenditure (% of GDP unless otherwise stated)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018E**
Government consumption	11.2%	12.2%	12.7%	12.1%	11.8%	11.5%
Private consumption	61.5%	63.0%	66.2%	65.8%	65.2%	64.7%
Total fixed investment.....	**26.5%**	**25.7%**	**24.6%**	**22.9%**	**21.8%**	**22.4%**
Public sector	5.8%	5.6%	5.0%	4.8%	4.5%	4.8%
Private sector	20.7%	20.1%	19.6%	18.1%	17.3%	17.6%
Change in inventories [1]	1.4%	0.6%	(0.9%)	(0.8%)	(0.9%)	(0.6%)
Exports of goods and services.....	24.1%	22.4%	21.2%	22.3%	24.3%	25.0%
Imports of goods and services.....	24.8%	24.0%	23.8%	22.3%	22.1%	23.0%
Net exports	(0.7%)	(1.6%)	(2.6%)	0.0%	2.2%	2.0%
GDP (in billions of US$).....	200.6	201.6	190.4	194.2	214.6	224.9

Source: Central Bank.
(1) Defined as the difference between the volume at the end of the period and the volume at the beginning of the period; valued at the average price over the period.

As a result of the improvement of national income and the expanding middle-income population, private consumption grew at an average annual rate of 3.8% in real terms, from 2013 to 2018 acting as the main driver of the local economy, accounting for 64.4% of the Peruvian GDP on average this period.

Key Industry Segments Relating to Our Business in Peru

Food industry

During the last three years, the growth of the Peruvian packaged food industry has decelerated due to, among other factors, the macroeconomic context, which from 2014 to the first half of 2017, had a negative impact on consumer confidence and consumption preference. In particular, the packaged food segment contracted for six consecutive years, reaching volumes below those seen in 2011, mainly due to (i) decreased household purchasing power and (ii) a decrease in demand for higher tiered products in favor of economic alternatives, including in oils and cookies. However, over the last year, the food industry market has shown signs of recovery as illustrated by increased household consumption of packaged foods and a 3.5% increase in consumption outside the home in 2018. In that sense, according to Business Monitor International, food consumption in 2018 in Peru reached US $9 billion and is expected to grow at a compound annual rate of 4.2% from 2018 to 2023 (calculated in local currency). As growth is one of our strategic pillars, we are continuously focused on innovation in line with changing consumer needs and preferences.

In this context, domestic food producers such as ourselves (specializing in pasta, oil and fats, flour, cookies, sauces and assorted packaged goods), Grupo Gloria and Nestle (each specializing in dairy and assorted packaged

foods), among others, are leading the market with product offerings specifically designed to meet Peruvian consumer needs and preferences.

A unique characteristic of the Peruvian packaged food market is the low penetration of the modern distribution channel, primarily involving supermarkets. According to Kantar World Panel, in Lima, packaged food products were primarily purchased in traditional channels, representing 87.4% of volumes sold during the year ended December 31, 2018, while modern channels only represented 12.6% of volumes sold. This context drives food producers to develop a specialized local distribution network to effectively reach the majority of consumers through traditional channels. Although the penetration of supermarkets is improving, "mom and pop" shops together with wholesalers remain the most important distribution channels in the country through their key competitive advantages, including proximity to consumers, low overhead, low maintenance and convenience stores for small-sized purchases serving low-income families. We believe our business will benefit from the growth in the food industry, as we participate in core categories such as pasta and edible oils and fats. In the following sections, we describe the development of the key sectors in which we participate and how they have performed in the recent years.

Pasta

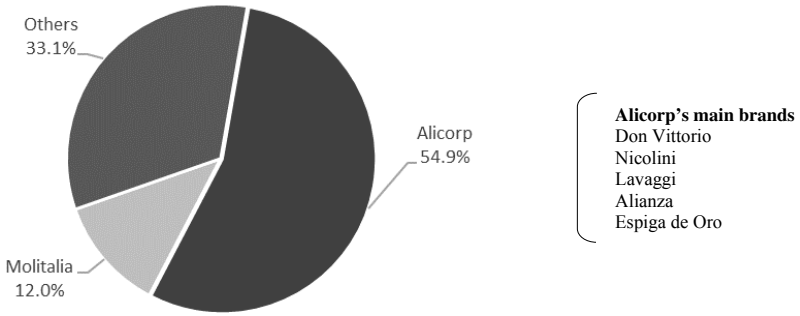
The pasta category represented 8.1% of our Peruvian consolidated operating revenues during 2018 and 8.2% of our consolidated adjusted EBITDA generated during the same year. In Peru, the pasta market is a highly penetrated industry with moderate growth projected for the next few years, given the high participation in this market by Peruvian households. Despite this, attractive rates of growth are expected within chilled/fresh pasta and other value-added products. Higher disposable income is expected to allow more Peruvians to consume this type of product, which is more expensive due to its higher quality and added convenience when preparing a meal.

Consumption of pasta in Peru is high with consumption per capita reaching 8.8 kg per year. According to Kantar World Panel, the penetration of pasta in Peru is very high across all socioeconomic levels, with 95.3% of socioeconomic levels A and B, 98.4% of socioeconomic level C, 99.2% of socioeconomic level D and 99.1% of socioeconomic level E, purchasing pasta at least once a year. See "Business—Our Brands" for a definition of these socioeconomic levels. Because of its strong participation in the consumer basket, it is a segment with very low price elasticity and brand loyalty, with little differentiation across various income levels.

According to Euromonitor International, in 2018 the pasta market size in Peru was estimated at S/ 955 million. The market is primarily served by local production. We are the market leader with a 54.9% value share, in pasta, mainly sustained by a well-balanced brand portfolio specially designed to target all platform tiers. Other relevant local players are Molitalia (pasta brands Molitalia and Marco Polo), Anita Foods and ADC Corporation.

The following chart sets forth our market share based on sales, and that of our competition, in the Peruvian pasta market for the year ended December 31, 2018:

Pasta Company Market Share 2018



Source: Kantar World Panel.

Segment profitability is highly dependent on the international cost of wheat, which in the second half of 2018 was affected by price inflation in wheat producing countries, such as Argentina and the United States. This level of elevated commodity prices is expected to remain a factor in 2019. As a way to manage price exposure, some companies, including ourselves, have implemented dedicated commodity price risk hedging programs. We are one of the main local players with a seasoned commodity purchase team.

Edible oil and fats

As of December 31, 2018, our edible oil and fats products line represented 8.4% of our consolidated operating revenues and 9.1% of our consolidated adjusted EBITDA. We are represented in the Peruvian edible oil market mainly by three brands: Primor, Cocinero and Capri.

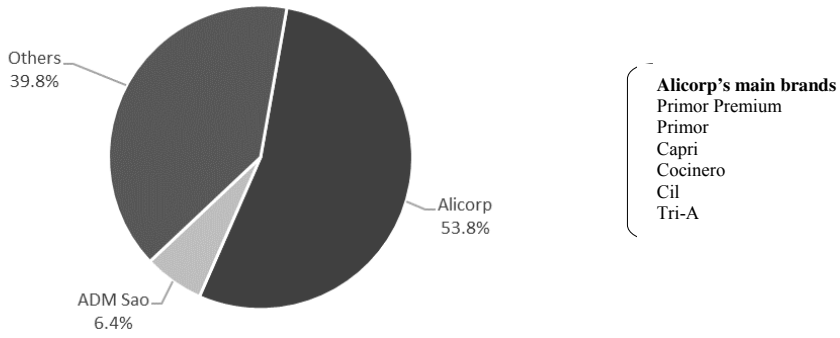
After consistent contraction in the prior four years, the edible oils and fats market has been reactivated in 2018, increasing 2.0% as compared to 2017. According to Euromonitor International, from 2018 through 2023, this market is expected to grow volume at a 5.0% annual growth rate.

The strength of the economy coupled with strong health awareness campaigns is leading to more sophisticated consumption patterns from standard products to premium products considered healthier, such as sunflower oil and olive oil varieties, in which premium products and olive oil experienced a 5.0% and 11.5% increase in volume in 2018, respectively.

Despite increasing competition amongst domestic and foreign companies, which has made average unit prices remain stable in 2018, we are a leading edible oils and fats producer, with a 53.8% value share in 2018. This position is driven by (i) a strong distribution strategy, (ii) efficient marketing campaigns for brand support, (iii) valuable brands designed to fit local consumers' needs, and (iv) a well-balanced brand portfolio focused on all income levels and socioeconomic characteristics.

The following chart sets forth our market share based on sales, and that of our competition, in the Peruvian edible oils and fats market for the year ended December 31, 2018:

Oils and Fats Company Market Shares 2018



Source: Kantar World Panel.

Home and personal care

The home and personal care market in Peru is comprised of a series of products falling under the home care category, such as hair care, laundry care, bleach, dishwashing, home insecticides, polishes, surface care and toilet care, and another series of products falling under the personal care products, including such as bath and shower goods, deodorants and oral care. According to Euromonitor, as of 2018 the total Peruvian home care market was valued at US$1,024 million, which represented 5.1% of the total Latin American home care market. Other important markets in Latin American include Brazil and Mexico, which account for 29.2% and 22.9% of regional consumption, respectively.

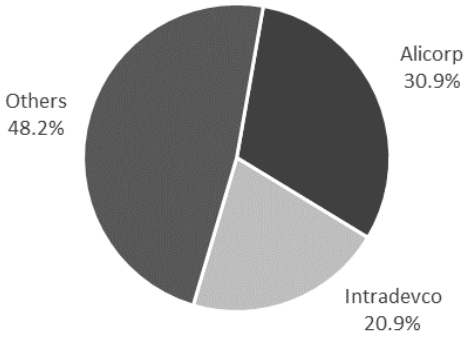
Peruvian home care consumers remain highly price sensitive and thus continue to compare available options. According to Euromonitor, Peru's home care market posted only modest value growth in 2018, driven by an increase in unit prices, which price increases were below inflation rates as manufacturers looked to retain customers and sales share. In 2018, the home care segment grew 0.5% in value, in terms of *soles* amounts, compared to the same period one year prior. This growth was lower than the growth of the food market, which grew at 2.4% during the same period.

We participate in the Peruvian home care market through our laundry detergent and laundry soap products, among others which together accounted for 9.3% of our consolidated operating revenues attributable to Peru in 2018. Our key competitor in the Peruvian laundry care market is Procter & Gamble, which is an important name in the personal care segment. We believe our recent acquisition of Intradevco, a leading producer and distributor of home and personal care products in the Andean Region and one of our former main competitors, will strengthen our position in this market.

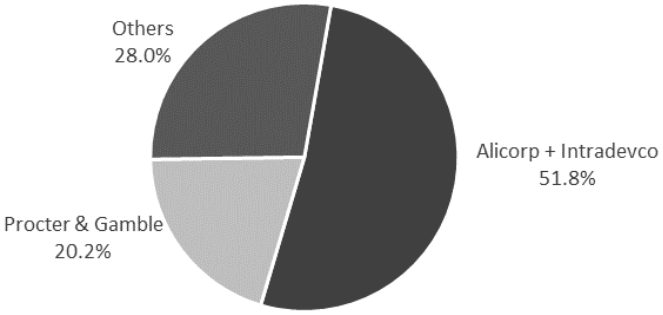
The following chart sets forth our market share based on sales, and that of our competition, in the Peruvian home care market for the year ended December 31, 2018, on an actual and as adjusted to give effect to our acquisition of Intradevco:

Total Home Care Market Shares 2018

Actual



As Adjusted



Source: Euromonitor International.

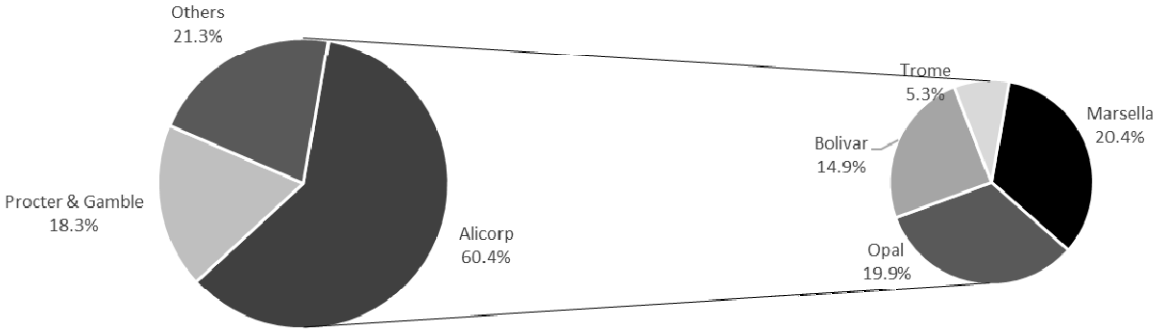
According to Euromonitor, approximately 60.0% of the Peruvian home care market is largely served by local companies. As of 2018, we were the main local player in the segment with 60.4% value market share in laundry detergents according to data from Kantar World Panel (or 75.5%, if the Intradevco acquisition had occurred in 2018). We are the leading producer in this segment with three main brands: Marsella, Opal and Bolivar. In addition, as of

2018, our products Marsella, Opal and Bolivar held the largest market value shared by brand with 20.4%, 19.9% and 14.9%, respectively. Our closest competitor was Ace owned by Procter & Gamble, with 9.1% of market share.

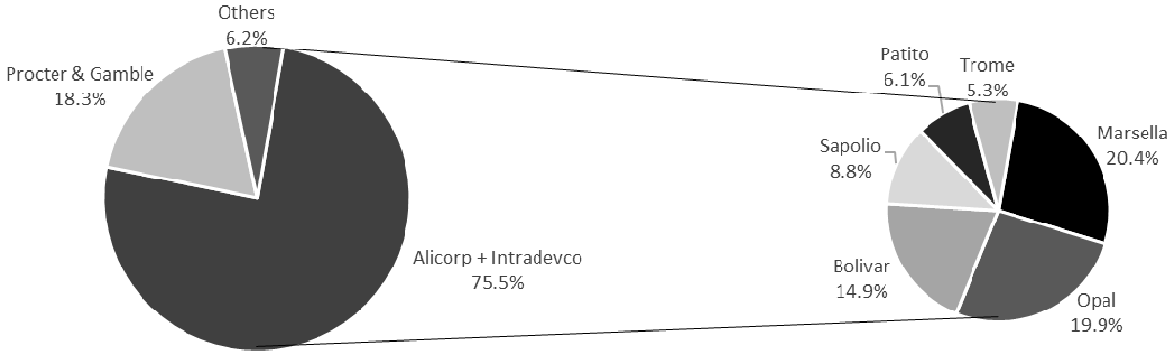
The following chart sets forth our market share based on sales, and that of our competition, in the Peruvian laundry detergent market for the year ended December 31, 2018, and, as adjusted to give effect to our acquisition of Intradevco:

Laundry Detergents Market Shares 2018

Actual



As Adjusted



Source: Kantar World Panel.

BUSINESS

Overview

We are a leading Latin American producer, distributor and marketer of branded consumer products under four business segments: consumer goods, aquafeed, B2B (business-to-business) branded products and crushing. Our business has a diversified portfolio of products in 56 different categories including industrial baking flour, edible oil, pasta, cookies and crackers, sauces, margarines, juice powders, laundry detergents and soaps, animal feed, soybean and sunflower bean meal and crude oils. These product categories are currently represented by over 150 brands across our product segments (premium, mainstream and value). Through our effective customer segmentation strategy along socioeconomic, demographic and consumer preference lines, as well as our unique expertise in the Peruvian market, we have established leading market share positions in Peru and a strong market share in other countries such as Ecuador, Brazil, Bolivia and Argentina. According to Kantar World Panel and internal company estimates, we are the market leader in Peru, with market shares ranging from 18.9% to 93.6% in terms of volumes sold during 2018, for ten product categories, including household flour, pasta, laundry detergent, edible oil, sauces, margarines, cookies and crackers, cereals, laundry soaps and desserts. These ten product categories in Peru together represented 54.4% of our consolidated adjusted EBITDA for the year ended December 31, 2018.

We are headquartered in Peru, where we operate 32 manufacturing facilities, and have international operations in Ecuador, Chile, Brazil, Bolivia, Argentina, Colombia, Honduras and Mexico. Additionally, we export our products to over 30 countries, including the United States and Canada. We have developed an extensive distribution network in each of the countries in which we operate, which provides us with a competitive advantage due to significant barriers to entry for potential industry competitors.

Throughout our 63-year history, we have experienced significant growth both organically and through strategic acquisitions. Our organic growth has been supported by key achievements such as the entry into the sauces and laundry detergent markets in Peru, where we are now market leaders. Our strategic acquisitions have solidified our position as the leading consumer goods, aquafeed and B2B branded products producer in Peru, as well as allowed us to expand our reach into the greater Latin American region by giving us access to the Argentine, Bolivian, Colombian, Ecuadorian, Chilean and Brazilian markets. Most recently, in January 2019, we announced our acquisition of Intradevco, a leading producer and distributor of home and personal care products in the Andean Region. See "—Our History" below and "Summary—Recent Developments" for a more detailed account of our growth pattern.

For the year ended December 31, 2018, we had consolidated operating revenues of S/ 8,289 million and consolidated net income of S/ 457 million as compared to consolidated operating revenues of S/ 6,949 million and consolidated net income of S/ 450 million for the year ended December 31, 2017. Our consumer goods segment was the largest contributor to our consolidated operating revenues in 2018, representing 48.8% of such operating revenues, followed by our aquafeed segment with 25.2%, our B2B branded products segment with 19.2% and our crushing segment with 6.8%. Our Peruvian operations represented 57.4% of our consolidated operating revenues in 2018. As of December 31, 2018, we had total assets of S/ 9,059 million and our total equity totaled S/ 3,246 million as compared to total assets of S/ 7,116 million and equity totaling S/ 2,900 million as of December 31, 2017.

Our common shares are traded on the Lima Stock Exchange under the symbol "ALICORC1" and our investment shares are traded on the Lima Stock Exchange under the symbol "ALICORI1." As of December 31, 2018, we had a market capitalization of S/ 8,503 million.

Our History

Our predecessors began operations in Peru in 1956 as a producer of edible oils under the name Industrias Anderson Clayton y Compañía Sociedad Anónima, which was acquired by Grupo Romero in 1971 and continued operating under the name Consorcio de Alimentos Fabril Pacifico S.A. In 1997, after a series of acquisitions of leading Peruvian companies, including La Fabril, a producer of food and personal care goods, Nicolini, a pasta producer, and Compañía Molinera, a wheat milling business, we reorganized ourselves under the name Alicorp. Since then, we have experienced significant growth, both organically and through strategic acquisitions. Our key organic growth initiatives include the launch of our packaged mayonnaise product "Alacena" in 2000, which

became the market leader, in terms of volumes sold, in this product category within two years; the entry into the detergent market with the successful launch of "Bolivar" in 2004 and the subsequent consolidation of our presence in such market with the re-launch of "Opal" in 2006, a brand which we acquired from Industrias Pacocha S.A. in 2005 and have transformed from a brand with limited market penetration to a market leader in terms of volumes sold.

Some of our most significant recent strategic acquisitions include our acquisitions of:

- Fino, a leading agroindustry company located in Bolivia, dedicated to the production and commercialization of edible oils, margarine, shortenings, laundry detergents, among others, in May 2018;
- SAO, a leading agroindustry company located in Bolivia, dedicated, mainly, to crushing business in July 2018; and
- Intradevco, a leading producer and distributor of home and personal care products in the Andean Region, in January 2019.

With these strategic acquisitions, we have consolidated our presence in the Peruvian market and accelerated our expansion to other markets in the region.

Our Competitive Strengths

Pan-regional market-leading brand leadership. Our brands are market leaders in almost all of our product categories. In Peru, which represented 57.4% of our consolidated operating revenues in 2018, we have been able to build brand leadership in each of our product categories throughout each of our product segments (premium, mainstream and value). For example, based on data from Kantar World Panel and internal company estimates, in Peru, our consumer goods segment is the leading producer of mayonnaise, laundry soap, margarines, edible oils, laundry detergent, pasta and cookies and crackers, with market shares of 93.6%, 79.0%, 63.5%, 48.7%, 58.1%, 49.7% and 34.4% in each of these categories in terms of volumes sold as of December 31, 2018, respectively.

In our B2B branded products segment, our industrial baking flour brands are the market leaders in Peru, with more than 50.0% market share in terms of volumes sold as of December 31, 2018, according to internal company estimates based on data from Kantar World Panel. Similarly, one of our aquafeed brands, "Nicovita," occupies the number one position in Peru with more than 40.0% market share. Similarly, since 2006, we have been able to replicate our success in Peru in other countries, such as Ecuador, Brazil, Bolivia and Argentina in a relatively short time span. In Argentina, according to Kantar World Panel, we hold the number two position in hair care and the number three position in laundry detergent in terms of volumes sold in 2018. In Ecuador, we believe we occupy the number one position in aquafeed based on our internal company estimates, and as of December 2018, we held the number two position in mayonnaise and the number two position in pasta, in each case, in terms of volume, based on Kantar World Panel. Today, our operating revenues are derived from over 30 countries and our international operations represented 42.6% of our consolidated operating revenues in 2018. Furthermore, we have recently leveraged our market leading position through our regional acquisitions of (i) Fino, which allowed us to enter into the crushing industry and has helped us solidify our leading position in international consumer goods in Bolivia and (ii) SAO, which together with Fino, has allowed us to expand our position in the crushing industry. We believe our recent acquisition of Intradevco, a leading producer and distributor of home and personal care products in the Andean Region, mainly Peru, will further strengthen our position in this market.

Strong product diversification and new product offerings. We have a diversified product base, which results in reduced dependency on any single product category. We currently compete in 56 product categories targeting various consumer needs. For the year ended December 31, 2018, except for our shrimp feed category which represented 33.0% of our consolidated net income and 24.0% of our consolidated adjusted EBITDA, none of our product categories represented more than 15.0% of our consolidated net income or 15.0% of our consolidated adjusted EBITDA. For example, our consumer goods product offerings range from edible oils, pasta, sauces, cookies and crackers to laundry detergents, laundry soap and hair care products. This approach to product diversification has allowed us to reduce our dependence on individual categories and limit seasonality and economic cycle effects on our business. In addition, we support our market leading position by being an innovator in each of

our product categories. In order to support this objective, in 2018, we invested 0.1% of our annual total sales in research and development. In 2018, we introduced 83 new products, with 0.7% of our total sales being derived from such new products.

Efficient socioeconomic product segmentation. By dividing our products into premium, mainstream and value segments, we offer a range of products with an adequate price strategy for each socioeconomic level. Our socioeconomic diversification allows us to tailor our product mix volumes depending on the purchasing power changes experienced by consumers at the various socioeconomic levels. For example, in 2018, we had the largest market share, in terms of volumes sold, with a 58.1% share of the laundry detergent market in Peru (which represented 7.1% of our consolidated operating revenues in 2018), through our positioning of the brands "Bolivar" in the premium segment, "Opal" in the mainstream segment and "Marsella" in the value segment. Likewise, in 2018, we had the largest market share in terms of volumes sold, with a 48.7% share of the edible oils market in Peru (which represented 6.7% of our consolidated operating revenues in 2018), through our positioning of the brands "Primor" and "Capri" in the premium segment, "Cocinero" in in the mainstream segment and "Cil" in value segment.

Extensive and multi-channeled distribution network and expanding production capacity. We have developed an extensive distribution network in each of the countries in which we have operating facilities through which we currently reach more than 280,000 points of sale. We strive to ensure a broad and multi-channeled distribution strategy that enables us to reach all socioeconomic levels with specially targeted products and brands. For example, in Peru our national distribution network includes wholesalers and supermarkets, 43 exclusive distributors and 27 sales offices throughout the country. This network allows us to reach the traditional "mom and pop" shops which, as of December 31, 2018, comprise approximately 67.0% of the Peruvian retail market, according to CCR Audit. Additionally, we have 51 production facilities across the countries where we operate that allow us to produce more than 250,000 metric tons of pasta, more than 150,000 metric tons of detergents and more than 150,000 of edible oils, among others, on a yearly basis. We have also recently redesigned our facilities and incorporated new technology, significantly increasing our industrial capacity and reducing production costs. These extensive distribution networks and production capacity capabilities provide us with a competitive advantage and create large barriers to entry for potential industry competitors.

Solid financial performance. Our market leading position in almost all of our product categories has produced strong operating results. From 2016 through 2018, each of our sales revenues and consolidated adjusted EBITDA has grown at a compound annual rate of 13.1% and 10.2%, respectively. Similarly, while many of our recent acquisitions have been funded through indebtedness, our track record demonstrates our long-term commitment to maintaining conservative leverage levels, as shown by our ability to deleverage after our acquisitions. As of December 31, 2018, our net debt to consolidated adjusted EBITDA was 2.1x, as compared to 1.0x and 1.7x for the years ended December 31, 2017 and 2016, respectively. Based on Intradevco's unaudited preliminary financial statements as of and for the year ended December 31, 2018, its net debt to consolidated adjusted EBITDA was 0.9x. See "Presentation of Financial and Other Information—Financial and Other Information" and "Selected Financial and Other Information—Other Financial Data."

Successful growth and integration track record. We have a proven track record of acquiring and successfully integrating companies into our regional platform. We typically keep the brand name, the key personnel and the local customs and traditions of acquired companies, and focus on (i) improving aspects which we believe can be upgraded, such as technology, operations management and quality of service, (ii) leveraging the popularity of our brands within our various distribution networks and (ii) exploiting economies of scale and scope derived from integrating the newly acquired operations into the existing regional platform. During the last three years, we have made three acquisitions (Fino, SAO and, most recently, Intradevco) for a total of more than US$900 million, which have significantly increased the size and geographic footprint of our operations, particularly in Peru, Ecuador, Chile, Brazil, Bolivia and Argentina. For a discussion of our most recent acquisition of Intradevco, see also "—Recent Developments."

Scalable commodity purchasing. We are one of the largest importers of wheat in South America and the largest importer of wheat and soybean crude oil in Peru. The large scale of our operations allows us to buy commodities directly from the largest vendors at reduced prices. By leveraging economies of scale and the geographic location of our operations, we are able to contract with the largest international shipping owners that transport raw materials

into South America allowing us to effectively manage our inventory while maintaining low costs. Finally, we have a specialized commodity risk management team that works to hedge our trading positions to reduce our exposure to price volatility and minimize the cost of raw materials.

Experienced management team and committed controlling group. We benefit from an experienced and talented management team. Most of the members of our senior management have held executive positions across various industries in Peru and in other countries in which we operate. We also benefit from a strong and ongoing relationship with our controlling group, Grupo Romero, a longstanding Peruvian group that owns companies operating across a wide range of sectors. We believe that being part of this group offers us advantages over our international competitors operating in the Peruvian market because of the group's highly visible domestic presence and its rapid decision-making capabilities.

Compelling regional macroeconomic fundamentals. Our results of operations are interconnected to the macroeconomic conditions of the countries in which we operate. In that regard, the Peruvian and Bolivian economies are two of the fastest growing economies in Latin America. Peru had GDP growth of 2.5% and 4.0% for the years ended December 31, 2017 and 2018, respectively, and is expected to grow at a rate of 4.0% for the year ended December 31, 2019, in each case as reported by the Central Bank. Similarly, according the IMF, Bolivia had GDP growth of 4.2% and 4.5% for the years ended December 31, 2017 and 2018, respectively, and is expected to grow at a rate of 4.2% for the year ended December 31, 2019. In addition, for the year ended December 31, 2018, each of Peru and Bolivia had one of the lowest inflation rates in Latin America at 2.2% and 2.8% according to the Central Bank and the IMF, respectively. Moreover, according to INEI, the percentage of the Peruvian population living in poverty has decreased by approximately 20.7% since 2007, which has fueled solid consumption growth throughout the country. This decrease in poverty contributed to the expansion of the Peruvian middle class and the purchasing power of Peruvian households. Finally, as described above in " – Overview", approximately 81.0% of our consolidated adjusted EBITDA for the year ended December 31, 2018 was derived from our operations and sales in Peru and Chile, each of which rated is rated investment grade by S&P, Fitch and Moody's.

Our Strategy

Our business strategy is to become a leading Multilatina consumer-packaged goods company in all the markets where we compete. Our strategy is based on three key pillars—growth, efficiency and people. Consistent with these key pillars, we intend to execute on our strategy to maximize our core competitive advantages by (i) continuing our integration strategy through innovative cost management solutions and unlocking synergies from the successful integration of acquisitions; (ii) strengthening and enhancing our go-to-market strategy to efficiently manage, promote, cross-sell and grow our best-in-class portfolio of brands in all segments while obtaining the best possible commercial and distribution terms in all markets in which we operate; and (iii) leveraging our strong management team and training platforms to increase productivity and efficiency as well as to enhance our social responsibility culture.

We plan to pursue our business strategy by focusing on the following:

Continue to successfully integrate our recent acquisitions while seeking to expand further only if such expansion fits into a prudent financial plan. We intend to continue to pursue the successful integration of all of our acquisitions and believe that our integration plan will facilitate our ability to implement synergies in purchasing, supply chain, marketing, back-office operations, technology and infrastructure. Additionally, we intend to continue to search for opportunities to expand our presence in our core regional markets such as we have done recently with our acquisitions of Intradevco in Peru and of Fino and its related businesses and SAO in Bolivia. However, to assure that any such inorganic growth does not hamper our solid financial position, we intend to pursue only those opportunities that would not have a significant impact on our leverage levels.

Continue to broaden our consumer base across socioeconomic levels. We believe our diversified product offerings and effective customer segmentation strategy uniquely position us to target a wide range of consumers across economic cycles in the countries in which we operate. As we continue to integrate recently acquired companies and brands, we expect to continue to benefit from our socioeconomic product diversification as our brands grow equally in each of the premium, mainstream and value segments.

Attract, develop and retain talent and transfer know-how. We recognize that a significant factor in our successful growth throughout the years has been our people. We are therefore committed to maintaining a highly motivated team with the skills, capacity and dedication to provide us and our customers with long-term and innovative solutions to our business needs and evolving customer preferences. Accordingly, we plan on continuing to offer competitive employment packages in order to retain key personnel and attract new executives as necessary. We also reinforce and transfer internal know-how and extensive industry knowledge through our management rotational program through which managers and other employees rotate both within and across our countries of operations, business segments and product categories. We plan on continuing this strategy so that we maintain a strong team with a shared culture, longstanding relationships and loyalty to us.

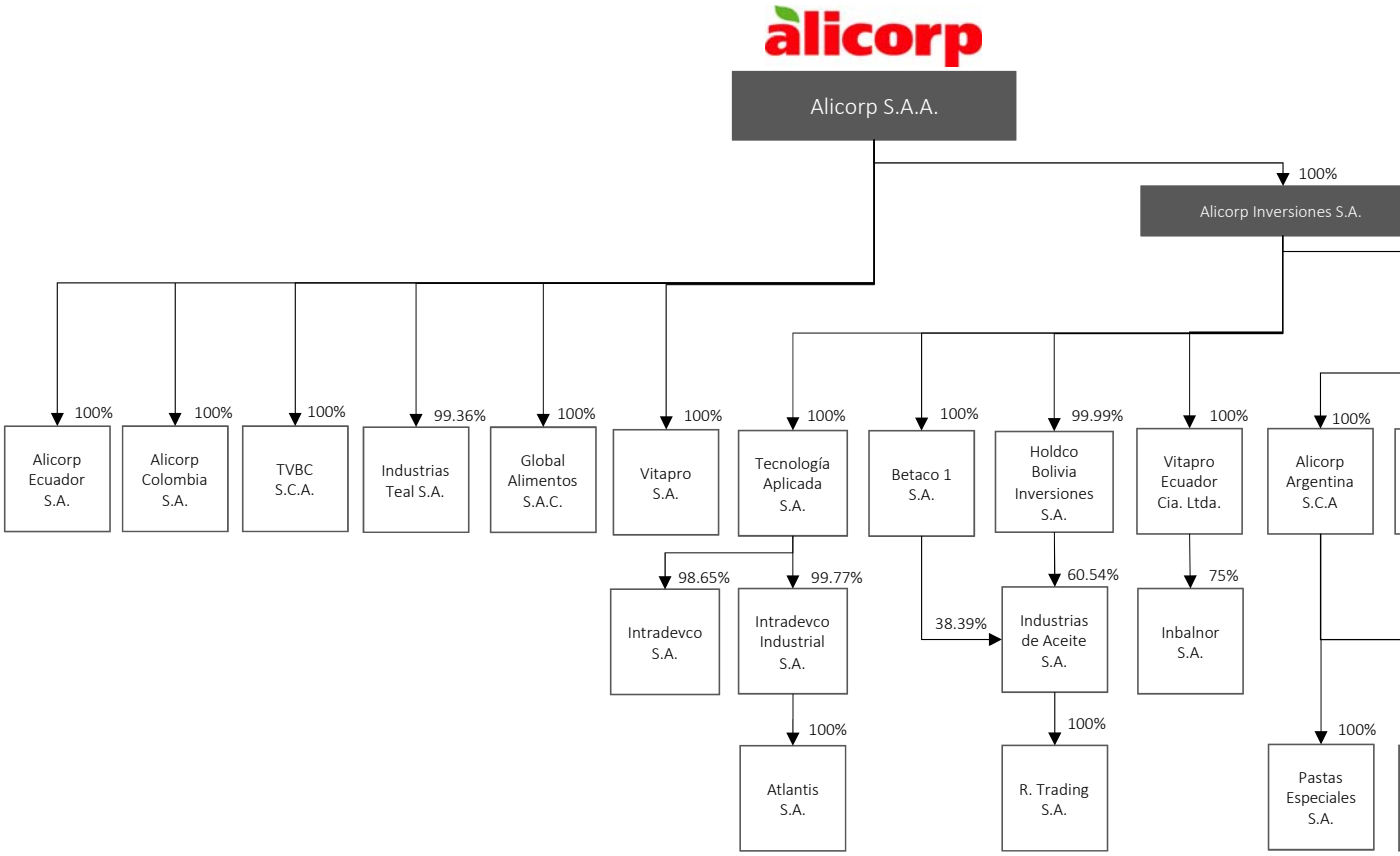
Emphasis on a cost-efficient business model. We have consistently improved our production efficiency throughout the years. Through production specialization, disciplined pricing throughout our various supply chains and constant analysis of our product markets, we plan on minimizing costs on all platforms of our business model.

Strengthen our innovation capabilities. Innovation is a fundamental part of our business growth and development. We believe we have been at the forefront in innovating and adapting in response to changes in customer needs and the markets in which we operate. For example, as mentioned above, in 2018, we introduced 83 new products, with 0.7% of our total sales being derived from such new products. We plan on continuing to focus on innovation as a way to increase customer loyalty and attract new customers. In addition to developing new products and more efficient production techniques and business processes, we plan to pursue this strategy by creating "innovation hubs" in our work spaces to boost innovation.

Focus on our social responsibility values. We have consistently ranked among the top companies listed in the Lima Stock Exchange in terms of corporate governance. This recognition is due in large part to our commitment to strong corporate governance and best practices at all levels of our organization. One of the key areas we will continue to focus on is social responsibility through measures such as donations, volunteer programs, environmental goals targeting clean alternatives for residue management and nutrition education campaigns.

Organizational Structure

The following simplified corporate structure chart shows us and each of our operating subsidiaries as of the date of this listing ownership interest in each subsidiary:



(1) For the year ended December 31, 2018, 52.5% of our consolidated revenues were at the parent company level.

Our Business

We categorize our products into four main segments: consumer goods, aquafeed, B2B branded products and crushing.

The following table presents a breakdown of the consolidated operating revenues in each of our business segments for 2018, 2017 and 2016:

	For the year ended December 31,					
Business Segment	**2018**	**Percent of Consolidated Operating Revenues**	**2017 (restated)**	**Percent of Consolidated Operating Revenues**	**2016 (restated)**	**Percent of Consolidated Operating Revenues**
	(S/ in millions, except percentages)					
Consumer goods	4,048.9	48.8%	3,689.5	53.1%	3,575.6	55.2%
Aquafeed	2,087.5	25.2%	1,756.4	25.3%	1,441.8	22.3%
B2B branded products	1,590.7	19.2%	1,503.4	21.6%	1,458.7	22.5%
Crushing	561.6	6.8%	0.0	0.0%	0.0	0.0%
Total	**8,288.7**	**100%**	**6,949.3**	**100%**	**6,476.1**	**100%**

(1) Our B2B branded products sales also include sales of our "others" category, which consists of grinding and other subproducts that are not considered part of our core business.

The following is a description of each of these business segments, together with the geographical areas in which they operate.

Consumer Goods

We started in the consumer goods business segment in 1956 with the establishment of an edible oil manufacturer in Peru. Currently, this business segment consists of categories aimed at food, home and personal care products, including edible oils, pasta, detergent, cookies and crackers and shampoo, among others. Our consumer goods segment operates in Peru, the Mercosur region, particularly Ecuador, Chile, Brazil, Bolivia and Argentina and the Central American region. We have 103 consumer goods brands including, Alacena, Bolivar, Sayón, Primor, Capri, Casino, Don Vittorio, Santa Amalia, Fino, Sapolio, Patito, Amor and other brands. Our consumer goods segment has been the largest contributor to our consolidated operating revenues in each of 2018, 2017 and 2016 representing 48.8%, 53.1% and 55.2% of our consolidated operating revenues, respectively.

Part of our growth strategy includes the diversification of our products portfolio. Accordingly, since 2014, we have launched and re-launched 450 products, with 83 of those during 2018. Some of our recent launches in the consumer goods segment, include products such as such as: (i) canned tuna under the brand "Primor", (ii) "Opal Sports", a special laundry detergent for sport activities, (iii) a new cookie pre-mix under the "Blanca Flor" brand, (iv) "Tartara Alacena", a special sauce similar to mayonnaise and (v) "Casino Black", a special version of Casino's cookies.

Peru

Through numerous acquisitions and new product launchings, we have grown to become the leading consumer products producer in Peru, having the number one position in categories (including pasta, laundry detergent, edible oil, mayonnaise, cookies and crackers, margarines, laundry soap, dessert and household flour) that represent more than 30% of our earnings. Our Peruvian consumer goods sales represented 68.2%, 69.0% and 66.9% of our consolidated operating revenues attributable to our consumer goods segment in 2018, 2017 and 2016, respectively. In addition, in 2013, we acquired Industrias Teal S.A., one of the leading players in the Peruvian market for consumer goods products with a product portfolio that includes flour, pastas, cookies and crackers, chocolates, candies and panettones that operate under the "Sayon" brand. In 2014, we acquired Global Alimentos S.A.C., a leading company in the production of cereals. With this purchase, we entered the ready-to-eat cereals and cereal bars market through the brand, Angel. Most recently, in January 2019 we acquired Intradevco, a leading producer and distributor of home and personal care products in Peru and elsewhere in the Andean Region.

The following table sets forth our market share and competitive position in the Peruvian consumer goods industry as of December 31, 2018:

Product	Brand(s)	% of Consolidated Operating Revenues	Position	Market Share[(1)]	Competitors
Laundry detergents		7.1%	1st	58.1%	
Edible oils		6.7%	1st	48.7%	
Pasta		4.6%	1st	49.7%	
Cookies and crackers*		3.3%	1st	34.4%	
Mayonnaise and other sauces		2.7%	1st	93.6%	
Laundry soap		1.7%	1st	79.0%	
Cereals		1.2%	n.a.	n.a.	
Margarines		1.0%	1st	63.5%	
Canned tuna		0.9%	2nd	18.9%	
Dessert		0.8%	1st	27.8%	
Household flour		0.7%	1st	40.9%	

Source: Kantar World Panel.
(1) Measured in terms of volumes sold.
(*) Based on internal company estimates.

Argentina and the Mercosur Region

We expanded our consumer goods business segment into Argentina in 2008 through our acquisition of The Value Brand Company, a producer of personal care products. Our principal product brands in Argentina include Plusbelle, Nutregal, Don Italo, Limazul, Zorro, Limol and Okebon. Over the last few years, we have been able to strengthen our portfolio of brands to build a strong market presence in Argentina and other Mercosur countries to which we export our products. In Argentina, in terms of volumes sold, we have the second largest market share in hair care products and the third largest market share in laundry detergent.

Sales in our Mercosur consumer goods business include our subsidiaries' sales in Argentina and exports to Paraguay, Uruguay and Brazil, among others. Our Argentina consumer goods sales represented 8.4%, 12.8% and 13.8% of our consolidated operating revenues attributable to our consumer goods segment in 2018, 2017 and 2016, respectively. Our portfolio in the Mercosur region includes the following products: hair care, toilet soap, detergents, cookies and crackers, pound cakes and pasta.

The following table sets forth our market share and competitive position in the Argentine consumer goods industry as of December 31, 2018:

Product	Brand(s)	% of Consolidated Operating Revenues	Position	Market Share[(1)]	Competitors
Hair care	Plusbelle	1.3%	2nd	26.7%	
Laundry detergent	Zorro	1.2%	3rd	8.6%	
Skin care	Plusbelle	0.8%	n.a.	n.a.	

Source: Kantar World Panel.
(1) Measured in terms of volumes sold.

Ecuador and the Andean and Central American Region

We expanded our consumer goods business segment into Ecuador in 2005 when we began commercial operations in Ecuador. Our principal product brands in Ecuador include Don Vittorio and Alacena. Our strategy for Ecuador has focused on developing our most profitable business segments there. Our Ecuador consumer goods sales represented 1.4%, 1.5% and 1.6% of our consolidated operating revenues attributable to our consumer goods segment in 2018, 2017 and 2016, respectively.

The following table sets forth our market share and competitive position in the Ecuadorian consumer goods industry as of December 31, 2018, unless otherwise indicated:

Product	Brand(s)	% of Consolidated Operating Revenues	Position	Market Share[(1)]	Competitors
Pasta	Don Vittorio	0.4%	2nd	12.4%	
Sauces	AlaCena	0.1%	2nd	10.3%	

Source: Kantar World Panel.
(1) Measured in terms of volumes sold.

In addition to Ecuador, we have consumer goods sales through exports to countries in the Andean and Central American region including Haiti, Guatemala, Dominican Republic, Panama and Costa Rica, among others.

Bolivia

In 2018, we expanded our presence in Bolivia with the acquisitions of Fino and its related businesses and SAO, both leading consumer-packaged goods and oilseeds crushers in Bolivia. Our principal product brands in Bolivia include Bolivar, Fino, SAO, Sabrosa Light, Sabrosa, La Patrona, Karina, Gordito, Maestro Panadero, Manteca Masa Pan, Regia, Regia Light, Primor, Uno, Azo and Jabón Oso. Our Bolivia consumer goods sales represented 8.8%, 1.3% and 1.2% of our consolidated operating revenues attributable to our consumer goods segment in 2018, 2017 and 2016, respectively.

The following table sets forth our competitive position in the Bolivian consumer goods industry as of December 31, 2018:

Product	Brand(s)	% of Consolidated Operating Revenues[1]	Position	Market Share[2]	Competitors
Edible oils		1.7%	1st	42.7%	
Margarine		0.6%	1st	47.5%	
Laundry soap		0.3%	1st	54.4%	
Laundry detergents		0.2%	3rd	8.1%	
Pasta		0.2%	4th	6.7%	

Source: Kantar World Panel.
(1) Based on consolidated operating revenues following our acquisition of Fino and SAO.
(2) Measured in terms of volumes sold.

Aquafeed

We have been in the aquafeed business segment since 1996 when we acquired Nicolini and Compañía Molinera and added Nicolini's product, Nicovita, to our portfolio. In 2012, we also acquired Salmofood, a producer of fish food in Chile through the "Salmofood" brand. This business segment consists of balanced animal feed, predominantly shrimp and fish feed. Our aquafeed business segment operates in Peru, Ecuador, Chile, Honduras and Mexico with exports to several countries, primarily in Central America. Sales in this business segment are made business-to-business consolidated with exclusive distribution channels for this purpose. With the aim of expanding our capacity of production of shrimp feed, in 2018, we completed construction of a shrimp feed plant in Honduras, which, to date, has already started operations. Our aquafeed segment has been the second largest contributor to our consolidated operating revenues in each of 2018, 2017 and 2016 with 25.2%, 25.3% and 22.3% of consolidated operating revenues, respectively.

The following table sets forth our competitive position in some of the countries where we have presence in the aquafeed industry as of December 31, 2018:

Product	Brands	% of Consolidated Operating Revenues	Position	Market Share[(1)]	Competitors
Shrimp					
Ecuador	NICOVITA	14.5%	1st	38.0%	SKRETTING, BioMar
Peru	NICOVITA	0.9%	2nd	42.8%	SKRETTING
Honduras	NICOVITA	0.7%	3rd	26.5%	Cargill, SKRETTING
Nicaragua	NICOVITA	0.5%	2nd	27.2%.	Cargill
Panama	NICOVITA	0.1%	n.a.	n.a.	Larro, SKRETTING
Costa Rica	NICOVITA	0.04%	n.a.	n.a.	SKRETTING
Fish					
Chile	SALMOFOOD	7.1%	4th	11.7%	EWOS, BioMar, SKRETTING
Peru	SALMOFOOD, NICOVITA	0.9%	1st	38.1%	EWOS, Purina

Source: Internal company estimates.
(1) Measured in terms of volumes sold.

Business-to-Business Branded Products

In 2003, we separated our B2B branded products from our consumer goods segment to create a new segment. This business segment consists of categories aimed at the bread-baking, food service and large-scale industrial markets. The products in this line include flour for bakeries and food-based products for restaurants such as oils, fatty acids, sauces and pre-mixes. Sales in these markets are business-to-business, with exclusive distribution and sales channels to wholesalers. Our B2B branded products business operates in Peru and consists of 35 brands including Nicolini, Santa Rosa, Blanca Nieve, Inca, Victoria, Macbel and Torre Blanca. In 2012, we significantly increased our presence in the B2B branded products market through our acquisition of the Incalsa companies, which are primarily focused on the production and distribution of sauces for restaurant-use. Incalsa's core products, ketchup and mustard, operate under the "Alpesa" brand which has been in the market for 50 years, and are currently market leading products in Lima, in terms of volumes sold, with a 53.7% market share. This business segment represented our third largest contributor to our consolidated operating revenues in 2018 and 2017 and our second largest contributor in 2016 with 19.2%, 21.6% and 22.5% of consolidated operating revenues, respectively. Our

industrial baking flours, shortenings, pre-mix and industrial margarines products were market leaders, in terms of volumes sold, in Peru, in 2018.

The following is a description of our main B2B branded products categories:

Bread-baking Products

Our bread-baking products are made with raw materials that include wheat, soybean and palm oils. Our main brands are Nicolini, Blanca Nieve, Inca and Famosa. The primary purchasers of these products are bakeries. We use a streamlined business-to-business approach as our sales strategy for this product category. We offer technical consulting, a specialized sales force, competitive pricing and trade-oriented activities as key factors to help us manage fluctuations in the price of raw materials, maintain profitability and continue to grow. We have also implemented a new regional segmentation approach to specialize and grow our sales within distributor channels.

Industrial Baking Flours

Our industrial baking flour products are made with raw materials that include wheat and are sold primarily to bakeries, pastry shops, supermarkets and bread, pasta and cookie producers. Our brands of industrial baking flours include Nicolini, Blanca Nieve, Inca and Victoria.

Shortenings

Our shortenings are made with raw materials that include palm oil and soy bean oil and are sold mostly to bakeries, pastry shops and supermarkets. Our brands of shortenings include Famosa, Gordito, Sabropan, Ricotona and Panisuave.

Pre-Mix

We have been in the pre-mix business for five years and compete with international companies such as Puratos and Industrias Alimenticias Henzil. Our pre-mix products are sold under the brand Experta and range from cake mixes to bread mixes to mixes for specialty products such as panettones. These products are made with raw materials that include wheat flour, sugar and edible oils and are sold mostly to bakeries and pastry shops.

Industrial Margarines

Our industrial margarines products are made with raw materials that include mainly palm oil and are sold mostly to bakeries, pastry shops and supermarkets. Our brands of industrial margarines include Primavera, Regia and Sello de Oro.

Food Services

Our food services business focuses on providing a diverse product portfolio that meets the needs of our clients, such as wholesalers, retailers, supermarkets and restaurants. We also provide training and technical assistance to our clients by introducing efficiency techniques to increase their profitability. Through our "Alicorp Gran Cocina" ("Alicorp Grand Kitchen") initiative, we use a specialized sales force and distribution system, in addition to culinary advisory services, in order to consolidate customer loyalty and strengthen our value proposition. In addition, we have an innovation center where we develop new products and recipes that may appeal or benefit our customers.

Food Service Sauces

Our food service sauce products include ketchup, mayonnaise, mustard and hot sauces that are sold under the Macbel and Alpesa brands and are made with raw materials that include yellow pepper, soybean crude oil, tomatoes and mustard seed.

We market our sauces across different types of restaurant concepts such as Chinese restaurants ("Chifas"), fixed menu shops, sandwich shops, traditional local foods parlors and, most significantly, "Pollerias" (local restaurants focused on rotisserie chicken which is popular in the Peruvian market). Our Alpesa mayonnaise has become the number one choice for wholesale mayonnaise.

Food Service Oils

We produce specialized oils to meet the needs of our restaurant clients, which use raw materials that include soybean crude oil, cottonseed and palm oil. Our food service oil brands include Crisol, Capri, Cocinero, Primor and Cil. According to CCR Audit, our food service oil brands can be found in approximately 49.7% of all "Pollerias" in Lima.

The following table sets forth our market share and competitive position in the Peruvian B2B branded products industry as of December 31, 2018:

Product	Brand(s)	% of Consolidated Operating Revenues	Position	Market Share[(1)]	Competitors
Industrial baking flour		6.9%	1st	54.2%	
Industrial oils		5.5%	1st	65.2%	Industrias del Espino S.A.
Shortenings		1.8%	n.a.	n.a.	Industrias del Espino S.A.
Sauces		1.3%	1st	79.7%	
Industrial margarines		0.7%	n.a.	n.a.	
Frozen products		0.6%	n.a.	n.a.	

Source: CCR Audit.

(1) Measured in terms of volumes sold.

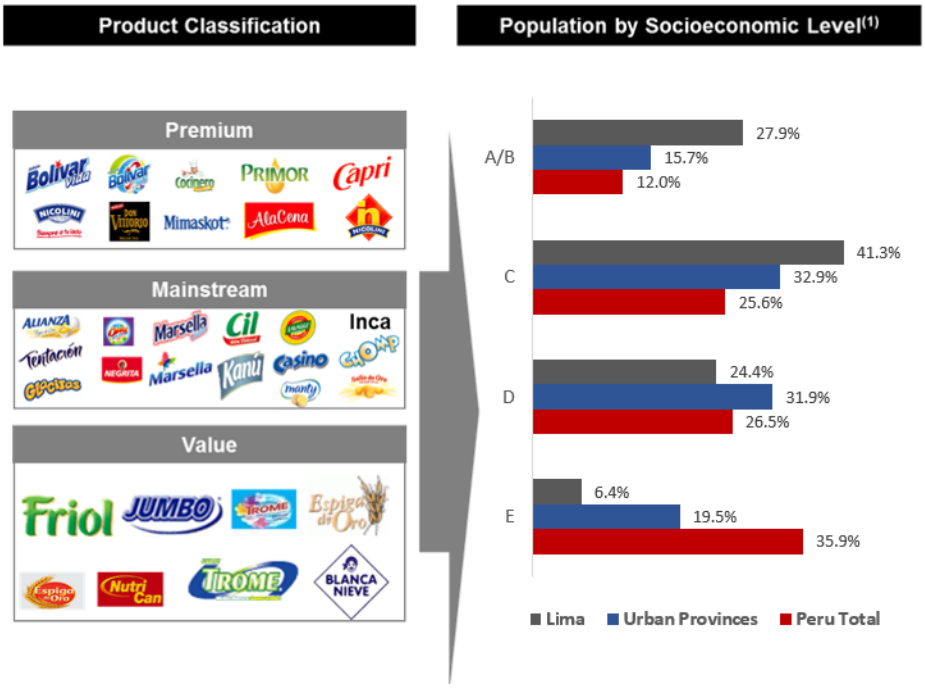
Crushing

Our crushing segment started operations in 2018 with our acquisition of Fino in May and our acquisition of SAO in July of that year and consists primarily in the production of soybean and sunflower bean oils and powder meal for use as a protein source for livestock, pets, human food applications, and industrial uses. Our crushing segment operates in Bolivia with exports to several countries in South America, primarily, Peru, Ecuador, Chile and Colombia.

Our crushing segment is currently the fourth largest contributor to our consolidated operating revenues in 2018 with 6.8% of consolidated operating revenues. As of December 31, 2018, soybean and sunflower represented our main products and sales in our crushing segment, representing 4.8% and 0.7% if our consolidated operating revenues, respectively.

Our Brands

Our brands are well-recognized by consumers and have leading or competitive market positions in each of the countries in which they operate as set forth in the operational tables above. Additionally, in Peru we seek to take advantage of economic opportunities by targeting our brands in the full range of socioeconomic markets, as set forth in the diagram below:



Source: Peruvian Association of Market Research Companies (Asociación Peruana de Empresas de Investigación de Mercados) 2018.

(1) These socioeconomic levels are based on a variety of factors including household surveys and monthly family income levels. Socioeconomic level A/B represents an average family income of S/ 7,963; socioeconomic level C represents an average family income of S/ 4,051; socioeconomic level D represents an average family income of S/ 2,529; and socioeconomic level E represents an average family income of S/ 1,286 and below.

Sales and Marketing

We promote our products with advertising, consumer incentives and trade promotions. These programs include, but are not limited to, discounts, coupons, rebates, in-store display incentives and volume-based incentives. In Peru, we specialize in reaching "mom and pop" shops, which comprise 67.0% of the Peruvian retail market.

We believe we offer our consumers the highest value by focusing our efforts on strategic tools for product and process innovation, product mix, prices, advertising and promotions. Our marketing strategy was designed to impact the markets with aggressive growth and innovation with the goal of becoming one of the 250 largest companies in Latin America. To that end, we are constantly studying consumers and the markets where we operate seeking new ways to obtain better products, processes and results so as to offer products with increased value added.

Our primary advertising campaigns include television and radio commercials, product tastings and promotions in retail stores and "mom and pop" shops. In recent years, we have launched several successful commercials and promotions in Peru for our products, such as Bolivar, Opal, Don Vittorio, Blanca Flor and Alacena; commercials in Ecuador for our Tomato Sauce from Don Vittorio, promotions in Bolivia for our product Bolivar and commercials in Argentina for our product Plusbelle Shampoo.

We seek to strengthen our already strong reputation in those areas where we are the market leader. Our aim is to accomplish this by applying high quality, health, safety and performance standards, as well as enhancing the

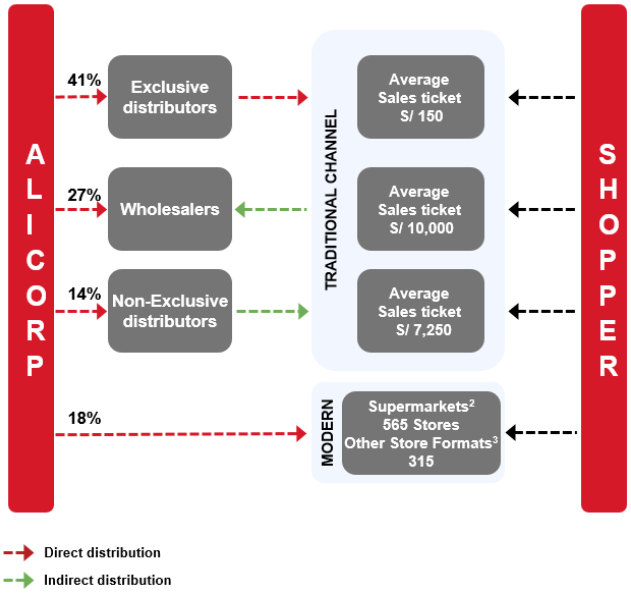
value equation for our customers. We also focus on generating brand loyalty among existing and new customers. Our ability to execute this strategy is facilitated by the years of experience we have in our competitive industries and the brand loyalty we have built over the course of many years of being in consumers' homes. We will continue to employ marketing strategies that include aggressive commercial campaigns and promotions in each country where we operate.

Production and Distribution Networks

Peru

We have an extensive and hard to replicate distribution network in Peru that currently gives us access to virtually every point of sale in Peru. This distribution model begins with the 32 manufacturing plants we operate in Peru. Following production, our products are distributed to consumers through a broad and multi-channel distribution network which includes 24 distribution centers and 27 sales offices throughout the country as well as a presence in four of the most important ports.

The following diagram sets forth a breakdown of both the traditional and modern channels we currently employ to reach our final customers in Peru:



Our traditional channels of distribution include the following: (i) agreements with 43 exclusive distributors; (ii) non-exclusive distribution agreements with nationwide distributors and (iii) arrangements with substantially all wholesalers in Peru. These traditional channels have been a key component to our success as Peru's retail market is largely traditional with only 18.0% of distribution controlled by large modern supermarkets, according to a study conducted by Kantar World Panel as of December 31, 2018. In particular, these traditional channels give us broad access to the traditional "mom and pop" shops that currently comprise approximately 67.0% of the Peruvian retail market, according to CCR Audit.

The terms of our exclusive distribution agreements grant us the right to require distributors to sell our products exclusively in certain specified territories, with the distributors receiving a compensation fee which is based on sales performance. We have strict control over brand management, marketing strategies and pricing. We believe the use of these exclusive distributors reduces our distribution costs, increases flexibility to efficiently add points of sale while at the same time maintaining the quality of our services and allows us to have greater bargaining power by setting and adjusting market prices and creating barriers for potentially new competitors.

Our modern channel of distribution is comprised of our arrangements with substantially all supermarkets in Peru.

Based on our production and sales levels, visits to each client may be daily, every three days, two times a week or weekly. We classify our customers according to their purchase volume, type of distribution channel and by their individual characteristics.

To facilitate our access to these distribution networks, we operate local distribution centers throughout the country. We have two large distribution centers in Lima with a storage capacity of 30,000 pallets and 27,000 pallets, respectively, and 22 others in various parts of Peru. Each distribution center has a total storage capacity of 140,023 pallets representing 111,107 tons of finished products

Bolivia

We have nine production plants in Bolivia. Also, we have a fully owned distribution network, reaching approximately 17,050 points of sales, which represents approximately 37.9% of the market.

Additionally, we have 14 distribution centers throughout Bolivia, including in Cochabamba, Santa Cruz, La Paz, among others, with storage capacities of 18,387 positions on average representing 9,800 tons of finished products.

Argentina

We have a fully owned distribution network in key regions of Argentina that starts with our five manufacturing plants and multiple arrangements with distributors and wholesalers throughout the country. We have an especially strong presence in rural areas. We currently have plans to expand our modern channels of distribution in Argentina by increasing our presence in supermarkets.

Additionally, we have two distribution centers throughout Argentina each with storage capacities of 10,000 and 2,000 pallets representing 8,300 tons of finished products.

Ecuador

In Ecuador, we have one production plant and have a distribution network in key regions through local distributors. Although this distribution occurs mainly through local distributors, we also have strong relationships with wholesalers and retailers in the country and currently have plans to further increase our participation in the Ecuadorian wholesale market.

Additionally, we have four distribution centers in Ecuador, including in Guayaquil and Duran, among others, for a total storage capacity of 10,873 pallets representing 17,940 tons of finished products.

Chile

We operate one industrial plant on the island of Chiloe, in Chile, where we produce balanced animal feed and we employ a specialized sales force in the aquaculture business. Currently, most of our clients are located in the surrounding areas and most our sales are direct sales to our final customers.

Additionally, we have four distribution centers in Chile, each with a storage capacity of 6,880 pallets representing 8,600 tons of finished products.

Mexico

We have one distribution center in Los Mochis with a storage capacity of 909 pallets representing 1,500 tons of finished products.

Customers

We distribute our products to more than 280,000 customer locations throughout the countries in which we have operations. We believe we have a healthy balance of customers between our traditional and modern distribution channels. During 2018 in Peru, our sales were segmented as follows: 77.2% from “mom and pop” shops,

wholesalers and exclusive and non-exclusive distributors (traditional distribution channel); and 22.8% from supermarkets (modern distribution channel).

We have established and maintained stable and long-term relationships with our customers, including all of the wholesalers and supermarkets in Peru, such as Cencosud S.A., Supermercados Peruanos and Tottus.

Currently none of our customers represent more than 6.0% of our consolidated operating revenues.

Raw Materials and Supplies

We use large quantities of commodities, including wheat, soybean crude oil, soybean meal, tallow, sugar and eggs to manufacture our products. In addition, we use significant quantities of plastics to package our products and natural gas to operate our factories and warehouses. For commodity inputs that we use across many of our product categories, such as corrugated paper and energy, we coordinate sourcing requirements and centralize procurement to leverage our scale. In addition, some of our product categories and brands separately source raw materials that are specific to their operations.

We purchase from numerous sources, from large, international producers to smaller, local independent sellers. We believe the volume and scale of our operations gives us a competitive advantage in many of our commodity purchases. In addition, we have strong relationships with key suppliers and consequently enjoy favorable pricing and dependable supply for many of our inputs. The prices of raw materials and agricultural materials that we use in our products are affected by external factors such as global competition for resources, currency fluctuations, severe weather or global climate change, consumer or industrial demand and changes in governmental regulation and trade, alternative energy and agricultural programs.

The most significant cost components of across all our business segments are wheat and soybean crude oil. We purchase these raw material requirements from independent third parties such as Cai Trading LLC, Richardson International Limited, LDC Trading & Service, among others, through our subsidiary Alicorp Uruguay S.A. Market supply and demand, as well as government programs, substantially influence the prices for wheat and soybean crude oil and other wheat or soy derivative products.

Our risk management group works with our procurement teams to continuously monitor supply and cost trends so we can act quickly to obtain ingredients and packaging needed for production on favorable terms. Although the prices of our principal raw materials can be expected to fluctuate, we believe there will be an adequate supply of the raw materials we use and that they will be generally available from numerous sources. Our risk management group uses a range of hedging techniques to limit the impact of price fluctuations in our principal raw materials. However, we do not fully hedge against changes in commodity prices, and our hedging strategies may not protect us from increases in specific raw materials costs. We closely monitor any exposure we have to increased input costs so that we can quickly adjust our pricing to offset any higher costs.

Property

We own our headquarters, located at Av. Argentina Nº 4793, Carmen de la Legua Reynoso - Callao, Lima, Peru. In addition, we own 32 manufacturing facilities in Peru and 19 manufacturing facilities outside of Peru, including nine in Bolivia, five in Argentina, two in Brazil, and one in each of Honduras, Ecuador and Chile. We believe that all of our facilities are adequate for our present need and suitable for their intended purposes.

The following table sets forth certain information on our principal properties as of December 31, 2018:

Property Owner	Description	Location
Peru		
Alicorp S.A.A.	Sauces Production Plant	Callao
Alicorp S.A.A.	Sauces Production Plant	Callao
Alicorp S.A.A.	Sauces Production Plant	Callao
Alicorp S.A.A.	Instant Refreshments Production Plant	Callao
Alicorp S.A.A.	Instant Desserts Production Plant	Callao
Alicorp S.A.A.	Mill Production Plant	Callao
Alicorp S.A.A.	Mill Production Plant	Callao
Alicorp S.A.A.	Mill Production Plant	Callao
Alicorp S.A.A.	Margarines Production Plant	Callao
Alicorp S.A.A.	Butter Production Plant	Callao
Alicorp S.A.A.	Detergents Production Plant	Callao
Alicorp S.A.A.	Soap Production Plant	Callao
Alicorp S.A.A.	Cookies Production Plant	Callao
Alicorp S.A.A.	Pasta Production Plant	Callao
Alicorp S.A.A.	Flour Production Plant	Callao
Alicorp S.A.A.	“Ayudas Culinarias” Plant	Callao
Alicorp S.A.A.	Oils Production Plant	Callao
Alicorp S.A.A.	Mill Production Plant	Arequipa
Alicorp S.A.A.	Mill Production Plant	Arequipa
Alicorp S.A.A.	Cookies Production Plant	Arequipa
Alicorp S.A.A.	Pasta Production Plant	Arequipa
Industrias Teal S.A.	Mill Production Plant	Paita
Industrias Teal S.A.	Mill Production Plant	Lima
Industrias Teal S.A.	Panettone Production Plant	Lima
Industrias Teal S.A.	Cookies Production Plant	Lima
Industrias Teal S.A.	Chocolates Production Plant	Lima
Industrias Teal S.A.	Candies Production Plant	Lima
Global Alimentos S.A.C.	Mill Production Plant	Paita
Global Alimentos S.A.C.	Cereals Production Plant	Paita
Masterbread S.A.	Breads Production Plant	Callao
Vitapro S.A.	Aquafeed Production Plant	Trujillo
Vitapro S.A.	Aquafeed Production Plant	Trujillo
Bolivia		
Industrias de Aceite S.A.	Flour Production Plant	Cochabamba
Industrias de Aceite S.A.	Oils Producion Plant	Cochabamba
Industrias de Aceite S.A.	Full Fat Production Plant (Soy Meal)	Cochabamba
Industrias de Aceite S.A.	Detergents Production Pants	Cochabamba
Industrias de Aceite S.A.	Margarines Production Plant	Cochabamba
Industrias de Aceite S.A.	Butter Production Plant	Cochabamba
Industrias de Aceite S.A.	Soap Production Plants	Cochabamba
Industrias de Aceite S.A.	Oils Production Plant	Cochabamba
Sociedad Aceitera del Oriente	Extraction and Refinery Production Plant	Santa Cruz

Property Owner	Description	Location
Argentina		
Alicorp Argentina S.A.	Soap Production Plant	San Justo
Alicorp Argentina S.A.	Detergents Production Plant	San Justo
Alicorp Argentina S.A.	Cookies Production Plant	Moron
Alicorp Argentina S.A.	Personal Care Production Plant	Garin
Alicorp Argentina S.A.	Home Care Production Plant	Garin
Brazil		
Pastificio Santa Amalia	Pasta Production Plant	Minas Gerais
Pastificio Santa Amalia	Misting Production Plant	Minas Gerais
Chile		
Salmofood S.A.	Aquafeed Production Plant	Chile
Honduras		
Vitapro Honduras	Aquafeed Production Plant	Honduras
Ecuador		
Inbalnor S.A.	Aquafeed Production Plant	Guayaquil

Manufacturing Processes

We are focused on our core product categories (pasta, crackers and cookies, flours, edible oils, aquafeed and laundry and detergent) which allow us to have an integrated process (from importing raw materials to final product) in order to capture value across the entire value chain by (i) reducing waste (using by-products of the mills in the aquafeed business or selling it in the B2B segment), (ii) reducing transportation costs (by locating mills close to pasta plants or oil production facilities near to crushing facilities, or ports) and (iii) allowing us to invest in automation to increase efficiency.

Our plants use state-of-the-art technology and equipment. We have adopted and implemented modern automated production processes for each of our lines of business, and we maintain strict operations and control systems, resulting in efficiencies throughout our production processes within a competitive cost structure. Some of our manufacturing plants can be programmed to manufacture a variety of products also contributing to production efficiencies. The production process for each of our products varies slightly from one product to another, but it generally includes the mixing of ingredients, baking, slicing, packaging and distribution of the products.

As part of our strategy to respond to the changing needs of the market, we have implemented and continuously update innovative systems to increase the capacity, quality, and production potential of our manufacturing lines. To that end, we have redesigned our current facilities and incorporated new technology (either developed by us or acquired from third parties), significantly increasing capacity and reducing production costs.

As a result of productivity improvements, and to take advantage of the resources of our production plants, each plant carries out its own analysis of its production processes and, together with the corporate support areas, we implement appropriate improvements.

In addition, our manufacturing process takes advantage of the synergies among our segments. By having an integrated manufacturing process that starts from the purchase of the raw materials and ends with the production of the final product, we are able to capture value across the entire value chain through the following:

- *Reducing waste*. For example, we use the by-products of our mills in our aquafeed segment or sell such by-products in our B2B segment.

- *Reducing transportation costs*. For example, we locate our mills in close proximity to our pasta plants and our oil production facilities in close proximity to our crushing facilities or ports.

- *Automation* in order to increase efficiency.

In 2018, we invested S/ 37 million (US$11 million) in systems to improve our manufacturing processes.

Safety and Quality Control System

Quality is essential for us. We have implemented a quality control system tailored to our individual needs and have adopted the highest international standards, driven by our commitment to ensure the satisfaction of our customers and consumers. This system involves quality control assurance and food safety, providing enhanced customer service, promoting and preserving a healthy labor environment and respecting the environment in order to contribute to the overall development of the community. Given the importance of food quality and safety, one part of our quality control system is aimed at controlling and continuously improving the quality of consumables, processes and finished products.

We have earned the loyalty of our customers and consumers by our adherence to the most rigorous international standards in the food industry, certified by independent organizations and agencies with a recognized international reputation. Our most important manufacturing facility in Peru ("Predio Central") has an effluent treatment plant with a processing capacity of 108,000 m^3 per year, in compliance with international standards. We also currently comply with the following international standards and certifications: International Organization for Standardization 9001-2000 (ISO 9001-2000), Hazard Analysis and Critical Control Points (HACCP), Business Alliance for Secure Commerce (BASC), Occupational Health & Safety Advisory Services (OHSAS) and KASHRUT, a Kosher certification. ISO 9001-2000 is a series of international standards that provide guidelines for a quality management system and HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw materials production, procurement and handling, to manufacturing, distribution and consumption of finished products. BASC certification addresses and seeks to prevent the risks associated with narcotics, terrorism and merchandise smuggling, by controlling operating processes, personnel, access, infrastructure, suppliers, and even customers.

In 2018, we invested S/ 26 million (US$8 million) in systems to improve our quality control processes.

Insurance

We believe that the level of insurance coverage that we maintain for our properties, operations, personnel and businesses is reasonably appropriate for the risks that we face and is comparable to the level of insurance coverage maintained by other companies of a similar size operating in the businesses in which we are engaged. For property damage and business interruption, we maintain insurance policies for ourselves and our subsidiaries' plants with several first-class international insurance companies, such as Pacifico Seguros and Chubb. These policies cover our physical assets such as manufacturing plants, offices, equipment, as well as the cost of business interruption.

We also maintain civil liability coverage for damages caused to third parties, our contractors and our subcontractors. In addition, we maintain coverage for our transportation activities under a marine cargo policy for all types of goods transported. We also have coverage for our vehicles, buildings, electronic equipment, and personal accidents, including supplementary health insurance for our employees.

Competition

We face competition in all aspects of our business. Our major competitors in our consumer goods segment of business include global players such as Unilever, P&G, Kraft and Nestle as well as more local producers, among others. Competitors in our B2B branded products segment include Molitalia, Anita Foods and Industrias del Espino S.A. Our major competition in the aquafeed line of business comes from Skretting and Cargill. We also compete with retailer brands, wholesalers and other entities. We compete primarily on the basis of product quality and innovation, brand recognition and loyalty, marketing effectiveness, advertising and promotional activity, the ability to identify and satisfy consumer preferences and price demands.

The following table provides a brief overview of our competitive position in each of our principal products as of December 31, 2018:

	Peru	Argentina	Ecuador	Bolivia
Laundry detergents	#1	#3	-	#3
Edible oils	#1	-	-	#1
Pasta	#1	-	#2	#4
Cookies and crackers	#1	-	-	-
Mayonnaise and other sauces	#1	-	#2	-
Laundry soap	#1	-	-	#1
Cereals	-	-	-	-
Margarines	#1	-	-	#1
Dessert	#1	-	-	-
Canned tuna	#2	-	-	-
Household flour	#1	-	-	-

Source: Kantar World Panel and internal company estimates.

See "Industry" for more information about the markets in which we compete.

Research and Development

Innovation is a fundamental part of our business growth and development. We seek to generate new products each year that provide nutritional and health benefits to consumers. In order to support this objective, in 2018, we invested 0.1% of our annual total sales in research and development. Since 2014, 3.2% of our total sales have been derived from new products, with 0.7% of our total sales being derived from such new products in 2018.

Our research and development specialists have historically focused on both major product innovation and more modestly scaled line extensions, such as the introduction of new flavors, colors or package designs for established products. We have approximately 75 food scientists, chemists and engineers, with teams dedicated to particular brands and products.

Our research and development expenses were S/ 5 million for each 2018, 2017 and 2016. We expense costs as incurred for product research and development. We record marketing and research and development expenses within selling, general and administrative expenses.

Intellectual Property

Our intellectual property consists principally of our portfolios of trademarks for our brands and certain patents, including by licensing. We consider our trademarks to be material to our business. We protect our trademarks through registration and other means in Peru and other markets where we sell our products. Protection of a trademark continues in some of the countries in which we operate for as long as the mark is used and in other countries where we operate for as long as it is registered. Trademark registrations generally are for renewable, fixed terms. Our trademarks include Opal, Nicovita, Cil, Bolivar, Nicolini, Don Vittorio, Victoria, Alacena, Primor, Blanca Flor, Manty, Favorita and Cocinero, among others.

We believe that our main trademarks, categorized according to line of business, are: (i) consumer goods: Bolivar, Alacena, Primor, Opal, Nicolini and Don Vittorio; (ii) aquafeed: Nicovita and Salmofood; (iii) B2B branded products: Nicolini, Alpesa, Blanca Nieve, Macbel, Famosa and Blanca Nieve; and (iv) crushing: FINO and SAO.

Additionally, we own numerous patents in Peru and elsewhere. We have patent applications pending that relate to a number of current and potential products. Patents issued or applied for cover inventions ranging from basic packaging techniques to processes relating to specific products and to the products themselves. Our issued patents extend for varying periods according to the date of patent application filing or grant and the legal term of patents in the various countries where patent protection is obtained. The actual protection afforded by a patent, which can vary

from country to country, depends upon the type of patent, the scope of its coverage as determined by the patent office or courts in the country, and the availability of legal remedies in the country. We consider that in the aggregate our patent applications, patents and licenses under patents owned by third parties are of material importance to operations.

In addition to trademarks and patents, our intellectual property also includes proprietary trade secrets, technology, know-how processes and related intellectual property rights that are not registered.

Employees

At December 31, 2018, we had a total of 8,359 employees, of which 56.4% were in Peru, 15.3% in Brazil, 13.7% in Bolivia, 6.9% in Argentina, 3.4% in Ecuador, 3.2% in Chile and the rest in our other subsidiaries throughout Latin America. Approximately 10.0% of our employees were represented by unions under several collective bargaining agreements.

Regulatory and Environmental

In each of Peru, Ecuador, Chile, Bolivia, Argentina and Colombia, we are subject to the full range of governmental regulation and supervision generally applicable to companies engaged in business in each country, including labor laws, social security laws, public health, consumer protection and environmental laws, securities laws and antitrust laws. These include regulations to ensure sanitary and safe conditions in facilities for the sale and distribution of foodstuffs and requirements to obtain construction permits for our new facilities. We believe that we are in compliance in all material respects with all applicable statutory and administrative regulations with respect to our business in each of the countries in which we operate, including applicable environmental regulations.

The regulation of matters relating to the protection of the environment is not as well developed in Peru, Ecuador, Chile, Bolivia, Argentina and Colombia as in the United States and certain other countries. Accordingly, we anticipate that additional laws and regulations will be enacted over time in these countries with respect to environmental matters. We believe that there are no material judicial or administrative proceedings pending against us with respect to any environmental matter and that we are in compliance in all material respects with all applicable environmental regulations in Peru, Ecuador, Chile, Bolivia, Argentina and Colombia. We cannot assure you that future legislative or regulatory developments will not impose restrictions on us that would be material.

Legal Proceedings

We are party to certain legal proceedings in Peru, Ecuador, Chile, Bolivia, Argentina and Colombia arising in the normal course of our business, which we believe are routine in nature and incidental to the operation of our business. We do not believe that the outcome of the proceedings to which we currently are party will have a material effect upon our operations or financial condition. See Note 38 to our audited consolidated financial statements for more information on our legal proceedings.

MANAGEMENT

Directors

The board of directors is the body responsible for our administration. The members of our board of directors are appointed by our shareholders at the general shareholders meeting for a term of three years and are eligible for re-election. Our board of directors currently consists of nine members, two of whom we have determined are independent under the parameters established by our Good Corporate Governance Committee, and two substitutes. The business address of each of our directors is Av. Argentina Nº 4793, Carmen de la Legua Reynoso - Callao, Lima, Peru. The following table sets forth certain information about our directors.

Name	Position	Age	Year First Appointed
Dionisio Romero Paoletti	Chairman	53	2002
Luis Enrique Romero Belismelis	Vice-chairman	57	2006
José Antonio Onrubia Holder	Director	63	2006
Calixto Romero Guzmán	Director	62	2002
José Raimundo Morales Dasso	Director	72	2008
Juan Carlos Escudero Velando*	Director	51	2016
Arístides de Macedo Murgel*	Director	63	2010
Marco Aurelio Peschiera Fernandez	Director	47	2019
Lieneke Maria Schol Calle	Director	53	2019
Manuel Antonio Romero Belismelis	Substitute Director	61	2006
Rafael Ernesto Romero Guzmán	Substitute Director	60	2006

* Indicates independent member of the board of directors.

Dionisio Romero Paoletti. Mr. Romero has been a member of our board of directors since 2001 and has served as our chairman since 2002. He also sits on the board of several different companies in the services, commercial and industrial sectors. He holds a Bachelor's degree of Economics and International Relations from Brown University and a Master's degree in Business Administration from Stanford University.

Luis Enrique Romero Belismelis. Mr. Romero has served as our vice-chairman since August 2006. He also sits on the board of several different companies in the services, commercial and industrial sectors. He served as alternate director for Mr. Ronald Campbell García from 2001 to 2006. He has been the central manager for administration and finance since 1992, and he served as the central manager for finance, administration and systems from 2002 to 2005. He holds a Bachelor's degree from Boston University.

José Antonio Onrubia Holder. Mr. Onrubia has been a member of our board of directors since August 2006. He served as alternate director for Mr. Ernesto Romero Belismelis from 2001 to 2004 and as alternate director for Mr. Javier Beeck Onrubia from 2004 to 2006. He also sits on the board of several different companies in the services, commercial and industrial sectors. He has served as the central manager for sale and distribution since 1995 and was the central manager for sales from 2002 to 2005. He holds a Bachelor's degree of Business Administration from Saint Michaels College and a Master's degree from Babson College.

Calixto Romero Guzmán. Mr. Romero has been a member of our board of directors since 2002. He also sits on the board of several different companies in the services, commercial and industrial sectors.

José Raimundo Morales Dasso. Mr. Morales has been a member of our board of directors since March 2008. He is the vice-chairman of the board of directors of Credicorp Ltd., as well as a member of the board of directors for Atlantic Security Bank, Banco de Crédito del Perú, El Pacífico-Peruano Suiza Compañía de Seguros y Reaseguros and Cementos Pacasmayo. He was the chief executive officer of Banco de Crédito BCP until 2008. He holds a Bachelor's degree of Economics and Administration from Pacífico University (Peru) and has a Master's degree in Business Administration from the Wharton School of the University of Pennsylvania.

Juan Carlos Escudero Velando. Mr. Escudero has been a member of our board of directors since March 2016. He is also a managing partner in the law firm Grau since 1998. Mr. Escudero is a lawyer at Pontificia Universidad Católica del Perú. He holds a Master's degree in Law (LLM) from the University of Connecticut. Mr. Escudero does not have neither economic nor kinship relationship with the other board members, managerial staff or principal shareholders of Alicorp.

Arístides de Macedo Murgel. Mr. Macedo has been a member of our board of directors since March 2010. He served as executive director of Kraft Perú from 1999 to 2001 and as executive director of Kraft Venezuela from 2001 to 2003. He also served as chairman of Kraft Brazil from 2003 to 2006 and as chairman of Kraft Andina from 2007 to 2009. He holds a degree in Business Administration from the Business Administration School of Sao Paulo - Getulio Vargas Foundation. Mr. Macedo does not have either economic or kinship relationship with the other board members, managerial staff or principal shareholders of Alicorp.

Marco Aurelio Peschiera Fernández. Mr. Peschiera has been a member of our board of directors since March 2019. He also serves on the board of several different companies in the services, commercial and industrial sectors. Prior to that, he served on the board of different companies in the bank and finance sector. Mr. Peschiera has been Chief Executive Officer of DI Propiedades S.A, Grupo Piurano de Inversiones S.A., Inversiones Piuranas S.A. and Inversiones Valle del Chira S.A since November 2017 and Chief Executive Officer of GRIO S.A. since January 2018. Mr. Peschiera holds a Bachelor's degree in Administration from Lima University (Peru) and a Master's degree in Business Administration from the Wharton School of the University of Pennsylvania (USA).

Lieneke María Schol Calle. Ms. Schol has been a member of our board of directors since March 2019. She is also a member of the board of directors of Banco Pichincha, Care Peru and OWIT Peru. In 2018, she served as Minister of Production of Peru, and from 2017 through 2018, she was the Secretary for Digital Government. Ms. Schol holds a Bachelor's degree in Industrial Engineering from Lima University (Peru) and a Master's degree in Business Administration from Adolfo Ibañez Management School. Ms. Schol does not have either economic or kinship relationship with the other board members, managerial staff or principal shareholders of Alicorp.

Manuel Antonio Romero Belismelis. Mr. Romero has served as our substitute director since August 2006. He served as alternate director for Mr. Javier Beeck Onrubia from 2001 to 2004 and as alternate director for Mr. Ernesto Romero Belismelis from 2004 to 2006. He also sits on the board of several different companies in the services, commercial and industrial sectors.

Rafael Ernesto Romero Guzmán. Mr. Romero has served as our substitute director since August 2006. He also served as alternate director for Mr. Calixto Romero Guzmán from 2004 to 2006. He holds a Bachelor's degree in Administration and Finance from North Eastern University in Boston.

Executive Officers

The business address of each of our executive officers is Av. Argentina Nº 4793, Carmen de la Legua Reynoso – Callao, Lima, Peru.

The following table sets forth certain information about our executive officers.

Name	Position	Age	Year Appointed
Alfredo Luis Miguel Eduardo Perez Gubbins	Chief Executive Officer	48	2015
Juan Martín Moreyra Marrou	Chief Financial Officer	49	2019
Jaime Eduardo Butrich Velayos	Vice President—Corporate Supply Chain	61	2009
Stefan Andrew Stern Uralde	Vice President—B2B Branded Products	48	2016
José Antonio Cabrera Indacochea	Vice President—International Consumer Goods	41	2018
Paola Virginia Ruchman Lazo	Vice President—Corporate Human Resources	42	2013
Luis Enrique Estrada Rondon	Vice President— Raw Materials	53	2017
Patricio David Jaramillo Saa	Vice President— Peruvian Consumer Goods	44	2014
Pedro José Malo Rob	Vice President—Corporate and Digital Strategy	46	2019
Magdalena Sofia Morales Valentin	Vice President—Corporate Affairs	53	2018

Alfredo Luis Miguel Eduardo Perez Gubbins. Mr. Perez became our chief executive officer in October 2015. Mr. Perez has been our chief financial officer from 2005 to 2009 and deputy chief executive officer from June 2015 to September 2015. Mr. Perez has also served as chief executive officer of Limtek Servicios Integrales S.A. and Corporación de Servicios GR S.A. He also holds a Bachelor's degree in Economics from Pacífico University (Peru) and a Master's degree in Business Administration from the Wharton School of the University of Pennsylvania.

Juan Martín Moreyra Marrou. Mr. Moreyra has served as our chief financial officer since January 2019. Mr. Moreyra joined Alicorp in July 2018, as part of the acquisition of Fino. From July 2018 to December 2018, Mr. Moreyra served as chief executive officer of Alicorp Bolivia which runs Fino and Sociedad Aceitera del Oriente S.R.L. ("SAO"). Prior to that, he served as chief executive officer of Fino for 5 years. Prior to joining Fino, Mr. Moreyra served as chief financial officer of Ransa Comercial S.A. and held other senior management positions at several other Romero group companies. Also, Mr. Moreyra was a director for Citigroup Global Markets Inc. based in New York. Mr. Moreyra holds a dual Bachelor's degree, in Business Administration and Accounting, both from Pacífico University (Peru), and a Master in Business Administration from The University of Texas at Austin.

Jaime Eduardo Butrich Velayos. Mr. Jaime Eduardo Butrich Velayos has served as our vice president of the corporate supply chain since July 1, 2009. Prior to that, he served as our director of the manufacturing unit from 2005 to 2009. He previously served as director of balanced food from 1998 to 2002 and director of planning and logistics from 2002 to 2005. He holds a Bachelor's degree in Industrial Engineering from Universidad Nacional de Ingeniería (Peru) and a Master's degree in Business Administration from ESAN University (Peru).

Stefan Andrew Stern Uralde. Mr. Stern has been vice president of our B2B branded products segment since April 1, 2016. Mr. Stern has also been director of branded products and food service from 2013 to 2016 and Director of food service unit from 2011 to 2012. Prior to that, Mr. Stern was a director of new business development – industrial products from 2009 to 2011. Mr. Stern has also served as operations' manager of Starbucks Coffee Company for the Latin America Region from 2006 to 2009. He also holds a Bachelor's degree in Business Administration from Pacífico University (Peru) and a Master's degree in Business Administration from the University of North Carolina.

José Antonio Cabrera Indacochea. Mr. Cabrera has been vice president of international consumer goods and responsible for the management of our operations in Brazil, Andean Region (Ecuador and Bolivia) and Central America since May 2018. Prior to that, Mr. Cabrera has been director of the efficiency's division and led the Integration Management Office (IMO). Mr. Cabrera has also served as business and marketing executive of Procter & Gamble company in United States and Europe for 11 years. Mr. Cabrera also holds a Bachelor's degree in Finance and International Business from Georgetown University.

Paola Virginia Ruchman Lazo. Ms. Ruchman has been our vice president of corporate human resources since August 2013. Prior to that, Ms. Ruchman has been corporate manager of market research and director of consumer knowledge. She also holds a Bachelor's degree in Business Administration from Pacífico University (Peru) and a Master's degree in Communication Management from University of Southern California.

Luis Enrique Estrada Rondon. Mr. Estrada has been vice president of raw material since May 2017. Mr. Estrada has also served as South America customer price risk management leader of Cargill. In this position, Mr. Estrada was responsible of for the risk management services in South America and Mexico. He also holds a Bachelor's degree in Economy from Universidad de Lima (Peru).

Patricio David Jaramillo Saa. Mr. Jaramillo has been vice president of Peruvian consumer goods since May 2014. He also holds a Bachelor's degree in Business Administration and Marketing from San Francisco de Quito University (Ecuador) and studied at Kellog School of Management.

Pedro José Malo Rob. Mr. Malo has been vice president of Digital Strategy since January 2019. Mr. Malo has been chief financial officer from 2015 to 2018. He also holds a Bachelor's degree in Economy from Cuenca University (Ecuador) and a Master's degree in Finance from Brandeis International Business School.

Magdalena Sofia Morales Valentin. Ms. Morales has been our vice president of corporate affairs since February 2018. Ms. Morales has also served as senior director of corporate affairs of Llorente & Cuenca. Prior to that, Ms.

Morales worked for Backus-AB InBev for 25 years, where she managed strategies of sustainability, reputation and corporate affairs. She also holds a Bachelor's degree in Education from Pontificia Universidad Católica del Peru, a specialization in Business Management from Polytechnic University of Cataluña and a specialization in Marketing from Universidad de Piura (Peru).

Board Committees

Our board of directors has formed five committees: an Audit Committee, a Good Corporate Governance Committee, a Risk Committee, a Supervision Committee and a Talent and Compensation Committee. Each of these committees must be composed of at least three directors.

Audit Committee

Our Audit Committee is responsible for reviewing and overseeing our internal audit function and approves our internal audit work plans and budgets on an annual basis. Its members also oversee our external auditors and approve any non-audit services to be conducted by them. The Audit Committee reviews any external auditor reports and significant findings as well as management's responses to such reports and findings. Additionally, the Audit Committee reviews our financial statements and recommends them for approval to our board of directors. The current members of our Audit Committee are Messrs. José Antonio Onrubia Holder, Arístides de Macedo Murgel, Luis Romero Belismelis, José Raimundo Morales Dasso, Jaime Paredes Tumba and Pedro Malo Rob.

Good Corporate Governance Committee

Our Good Corporate Governance Committee is responsible for overseeing that our corporate practices are in accordance with applicable Peruvian law. This function includes assessing and issuing recommendations and opinions in connection with related party transactions. The current members of our Good Corporate Governance Committee are Messrs. Luis Romero Belismelis, José Raimundo Morales Dasso, Arístides de Macedo Murgel, Alfredo Pérez Gubbins and José Antonio Onrubia Holder.

Risk Committee

Our Risk Committee is responsibility for evaluating and supervising our risk management policies in areas such as the acquisition of raw materials, exchange and interest rate risk, derivative transactions, off-balance sheet arrangements and tax contingencies. The current members of our Risk Committee are Messrs. Arístides de Macedo Murgel, Luis Romero Belismelis, Alfredo Pérez Gubbins, José Raimundo Morales Dasso and José Antonio Onrubia Holder.

Supervision Committee

Our Supervision Committee is responsible for advising the Board of Directors, Chairman and Chief Executive Officer on any issues that arise, provide recommendations and support management in achieving its objectives. It regularly monitors and advises the management on issues related to financial results, investments and strategic initiatives. The current members of our Supervision Committee are Messrs. Dionisio Romero Paoletti, José Raimundo Morales Dasso, Arístides de Macedo Murgel, Luis Romero Belismelis and Calixto Romero Guzmán.

Talent and Compensation Committee

Our Talent and Compensation Committee is responsible for periodically reviewing our talent management and compensation strategies, policies and programs at the executive level. The current members of our Talent and Compensation Committee are Messrs. Dionisio Romero Paoletti, Luis Romero Belismelis, José Raimundo Morales Dasso, Arístides de Macedo Murgel, Calixto Romero Guzmán and José Antonio Onrubia Holder.

Compensation

Compensation of our directors is approved annually at our annual shareholders meeting. Total compensation to members of our board of directors during 2018 was S/ 2,455,000. In 2018, the aggregate amount of compensation

paid to key personnel was S/ 7,428,000. We do not disclose to our shareholders or otherwise make public information as to the compensation of any individual executive officer. See Note 20 to our audited consolidated financial statements for more information.

PRINCIPAL SHAREHOLDERS

Our only class of outstanding capital stock consists of shares of our fully paid-up common stock. Our common stock is listed for trading on the Lima Stock Exchange.

The following table sets forth certain information concerning actual ownership of our common stock as of December 31, 2018 with respect to our largest shareholders.

Shareholder	Number of Shares of Common Stock	Percentage Beneficial Ownership
Grupo Romero[(1)]	390,296,147	46.06940%
AFP Integra S.A.	95,793,325	11.30716%
Prima AFP S.A.	74,787,883	8.82774%
Profuturo AFP S.A.	66,483,286	7.84749%
Atlantic Security Bank	36,756,430	4.33862%
Others[(2)]	183,074,660	21.60959%
Total	**847,191,731**	**100%**

(1) Represents shares held by individuals and companies associated with the Romero and Onrubia families.
(2) Includes all other shareholders, which individually hold less than 4.0% of our common stock.

We also have outstanding approximately 7.4 million investment shares (*acciones de inversion*), which are shares that were issued to our employees during the period of military rule in Peru in the 1970s. These investments shares are entitled to receive a share of our profits, but they do not represent part of our capital stock and they have no voting rights.

Our Controlling Group

Our controlling group, Grupo Romero, which holds 46.1% of our common stock as of March 28, 2019, owns and operates one of the largest business conglomerates in Peru, with over 126 years of operations in more than 20 different countries worldwide. Presently, Grupo Romero's companies span a diversified group of industries which include consumer goods, industrial production, logistics, infrastructure, trading and services. Some of the other Grupo Romero member companies include Corporación Primax S.A., a Peruvian company in retail fuel distribution; Grupo Ransa, a group of companies operating in several countries in the Latin American region engaged in the provisions of logistics services, including storage, customs and transportations services; TISUR, a company that operates the Matarani Port in Peru; Pesquera Centinela S.A.C., a company that extracts and processes fish for production of flour and oil for both domestic consumption and industrial purposes; Tramarsa S.A., a leading company in the port operation business in Peru, offering a group of port services nationwide in Peru; and Grupo Palmas, a Peruvian conglomerate with over 31 years of experience in the cultivation, industrialization and sale of palm oil and other agricultural products. Our affiliation with Grupo Romero allows us to exploit cross selling and synergy opportunities with the other member companies.

RELATED PARTY TRANSACTIONS

Related Party Transactions

In the ordinary course of business, we engage in a variety of transactions with our subsidiaries, affiliates and related parties. As a general policy, we do not enter into transactions with our subsidiaries, affiliates and related parties on terms more favorable to them than what we would offer third parties. See "Risk Factors—Risks Related to Our Business— The interests of our controlling group may differ from those of the holders of the notes."

During the last three fiscal years and through the date of this listing memorandum, we have engaged in a variety of transactions with related parties in the ordinary course of business. For example, we purchased and sold products and services from or to our related parties, such as raw materials, warehousing services, file documentation services and distribution services. We believe that the prices, interest rates and the terms and conditions set forth in those agreements are comparable to those that would be obtained at arms-length with unrelated parties. The following table sets forth our material transactions with related parties for the periods indicated:

	For the year ended December 31,		
Related Party	**2018**	**2017**	**2016**
		(S/ in millions)	
Ransa Comercial S.A.[(1)]	60.8	55.6	54.1
Corporacion de Servicios GR S.A.[(2)]	41.5	52.7	47.3
Exportadora Romex S.A.[(3)]	17.0	3.4	1.1
Industria del Espino S.A.[(4)]	12.4	21.0	14.0

(1) Ransa Comercial S.A. mainly provides us with documentation filing services, storage and transportation of products between plants to us.
(2) Corporacion de Servicios GR S.A. provides us data processing services.
(3) Exportadora Romex S.A. mainly provides us with storage, processing and marketing and exports our coffee, cocoa and derivative products.
(4) Industrias del Espino S.A. mainly provides raw materials such as palm oil.

For more information regarding our related party transactions, see Note 34 to our audited consolidated financial statements.

DESCRIPTION OF THE NOTES

We will issue the Notes under an indenture (the "Indenture") to be entered into between us and The Bank of New York Mellon, as trustee (the "Trustee"), paying agent, registrar, transfer agent and calculation agent. We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You may obtain a copy of the Indenture in the manner described under "Available Information" and, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, at the office of the Luxembourg paying agent.

You can find the definition of capitalized terms used in this section of the listing memorandum under "—Certain Definitions." In this section, unless the context otherwise requires:

- the "Company" means Alicorp S.A.A. and not any of its Subsidiaries; and
- the "Notes" means the Notes being offered hereby and, unless the context otherwise requires, any Additional Notes, as described under "—General."

General

The Notes will:

- be senior unsecured obligations of the Company;
- rank equally in right of payment with all other existing and future senior unsecured indebtedness of the Company (subject to certain labor, tax and tax-like obligations for which preferential treatment is given under Peruvian law);
- rank senior in right of payment to all existing and future subordinated indebtedness of the Company, if any; and
- be effectively subordinated to all existing and future secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness, and structurally subordinated to all existing and future indebtedness and other liabilities of the Company's Subsidiaries.

As of December 31, 2018, the Company had S/ 3,047 million (US$902 million) of consolidated indebtedness outstanding, of which S/ 60 million (US$18 million) was secured indebtedness and S/ 828 million (US$245 million) was indebtedness of its Subsidiaries. As of the same date, after giving effect to the issuance and sale of the Notes and the application of the net proceeds from this offering as described under "Use of Proceeds," the Company would have had S/ 4,669 million (US$1,382 million) of consolidated indebtedness outstanding, of which S/ 828 million (US$245 million) would have been indebtedness of its Subsidiaries.

The Company will initially issue S/ 1,640,000,000 aggregate principal amount of Notes, but may issue an unlimited principal amount of Notes under the Indenture. The Company may, without the consent of Holders, issue additional Notes ("Additional Notes") in one or more transactions, which have substantially identical terms (other than issue price, issue date and date from which the interest will accrue) as the Notes issued on the Issue Date. Any Additional Notes will be consolidated and form a single class with the Notes issued on the Issue Date, so that, among other things, Holders of any Additional Notes will vote together with Holders of Notes issued on the Issue Date as one class; *provided* that unless such Additional Notes are fungible with the Notes offered hereby for U.S. federal income tax purposes, such Additional Notes will be issued under a separate CUSIP.

The Notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of DTC, as depositary. The Notes will be issued in minimum denominations of S/500,000 and integral multiples of S/ 1,000 in excess thereof. See "Book-Entry, Delivery and Form."

Principal, Maturity and Interest

Principal on the Notes will be payable in annual installments as follows: (i) 33.33% of the original principal amount of the Notes on April 17, 2025, (ii) 33.33% of the original principal amount of the Notes on April 17, 2026, and (iii) 33.34% of the original principal amount of the Notes on the maturity date, in each case, unless earlier redeemed in accordance with the terms of the Notes. See "—Optional Redemption. The Notes will mature on April 17, 2027.

The Notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the Notes will accrue at the rate of 6.875% per year and will be payable semi-annually in arrears on April 17 and October 17 of each year, beginning on October 17, 2019. Payments will be made to the persons who are registered Holders at the close of business on April 2 and October 2, as the case may be (whether or not a Business Day), immediately preceding the applicable interest payment date.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the date on which such Notes are originally issued. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The principal of and interest on the Notes and any Additional Amounts (as defined below), including without limitation any payment upon redemption of the Notes or payment to purchase the Notes resulting from a Change of Control Triggering Event, will be payable in U.S. dollars, as calculated by the calculation agent by translating the PEN amount into U.S. dollars at the Average Representative Market Rate on the applicable FX Determination Date.

Initially, the Trustee will act as registrar, transfer agent, paying agent and calculation agent for the Notes. The Company may change the registrar, transfer agent, paying agent and calculation agent, without notice to Holders. If a Holder of Notes in definitive, non-global form in an aggregate principal amount of at least S/ 10,000,000 has given wire transfer instructions to the Company or a paying agent, the Company or the paying agent, as applicable, will make all principal, premium, if any, and interest payments in respect of those Notes in accordance with those instructions. All other payments on definitive, non-global Notes will be made at the office or agency of the paying agent in New York City, unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses. All payments on global Notes will be made to DTC by wire transfer.

The Company will, as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, maintain a transfer agent and a paying agent in Luxembourg. Initially, The Bank of New York Mellon SA/NV, Luxembourg Branch will act as Luxembourg listing and paying agent.

Under New York's statute of limitations, any legal action for breach of the Indenture, including non-payment of interest or principal, must be commenced within six years after any such breach.

Additional Amounts

All payments by the Company in respect of the Notes will be made free and clear of, and without deduction or withholding for or on account of any present or future taxes, imposts, levies, fees, penalties, fines, duties, assessments or other governmental charges of whatever nature ("Taxes") imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction in which the Company is then resident for tax purposes or any jurisdiction from or through which payment is made by or on behalf of the Company, or any political subdivision thereof or any authority therein having power to tax (each such jurisdiction, political subdivision, or authority, a "Tax Jurisdiction," and such Taxes imposed, levied, collected, withheld or assessed by or on behalf of a Tax Jurisdiction, "Applicable Taxes"), unless such deduction or withholding is required by law.

If any amount is required by law to be deducted or withheld, the Company will pay such additional amounts ("Additional Amounts") in respect of Applicable Taxes as may be necessary to ensure that the amounts received by Holders of such Notes after such deduction or withholding will equal the respective amounts that would have been receivable in respect of such Notes in the absence of such deduction or withholding, except that no such Additional Amounts will be payable:

(1) to or on behalf of a Holder or beneficial owner of a Note that is liable for Applicable Taxes in respect of such Note by reason of having a present or former connection with the relevant Tax Jurisdiction imposing or levying the Applicable Taxes other than the mere holding or owning of such Note or the enforcement of rights with respect to such Note or the receipt of income or any payments in respect thereof;

(2) to or on behalf of a Holder or beneficial owner of a Note in respect of Applicable Taxes that would not have been imposed but for the failure of the Holder or beneficial owner of a Note to comply with any requested certification, identification, information, documentation or other reporting requirement within 30 calendar days following receipt by the Holder of a written request from the Company for compliance, if such compliance is required by applicable law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Applicable Taxes;

(3) to or on behalf of a Holder or beneficial owner of a Note in respect of any estate, inheritance, gift, sales, transfer, personal assets or similar tax, assessment or other governmental charge;

(4) to or on behalf of a Holder or beneficial owner of a Note in respect of Applicable Taxes payable other than by withholding from or deduction of payment on the Notes;

(5) to or on behalf of a Holder or beneficial owner of a Note in respect of Applicable Taxes that would not have been imposed but for the fact that the Holder presented such Note for payment (where presentation is required) more than 30 days after the later of (x) the date on which such payment became due and (y) if the full amount payable has not been received by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect will have been given to the Holders by the Trustee;

(6) where such withholding or deduction is imposed on or in respect of any Note pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections, and any treaty, law, intergovernmental agreement, regulation or other official guidance enacted or entered into by the Tax Jurisdiction implementing such sections of the Code ("FATCA"); or

(7) any combination of items (1) to (6) above,

nor will Additional Amounts be paid with respect to any payment of the principal of, or any premium or interest on, any Notes to any Holder or beneficial owner of a Note who is a fiduciary, or partnership, or limited liability company or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the relevant Tax Jurisdiction to be included in the income for tax purposes of a beneficiary, or settlor with respect to such fiduciary, or a member of such partnership or limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had it been the Holder of such Notes.

In addition, we will pay and indemnify the Holders against any Peruvian value-added tax that is imposed on a payment of interest on the Notes, except to the extent that such Peruvian value-added tax would be excluded from payment of Additional Amounts pursuant to items (1) through (3) and (5) through (7) above.

All references to principal, premium or interest payable under or with respect to any Note will be deemed to include any Additional Amounts payable with respect to such principal, premium or interest. The Company will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of any amounts deducted or withheld promptly upon the Company's payment thereof, and copies of such documentation will be made available by the Trustee to Holders upon written request to the Trustee.

The Company will pay promptly when due any present or future stamp, transfer, court or documentary taxes or any excise or property taxes, charges or similar levies or imposts that arise in any jurisdiction from the execution, delivery or registration of each Note or any other document or instrument referred to in the Indenture or such Note, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Tax Jurisdiction (except to the extent such taxes, charges or similar levies result from, or are required to be paid in connection with, the enforcement of such Note or any other such document or instrument and such taxes, charges or similar levies would not have been imposed but for the enforcement of such Note or any other such document or instrument in connection with the occurrence of any Event of Default).

The Company intends to withhold Peruvian taxes from interest payments on the Notes at a rate of 4.99 % and to pay Additional Amounts, subject to the conditions above, with respect thereto for so long as the Notes are held through DTC or its nominee. See "Taxation—Peruvian Tax Considerations."

Optional Redemption

Optional Make-Whole Redemption

The Company will have the right, at its option, to redeem any of the Notes outstanding on the date of redemption, in whole or in part, at any time or from time to time prior to their maturity, at a redemption price calculated by the Independent Investment Bank, equal to the greater of (1) 100% of the principal amount of such Notes and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Applicable Rate of the Comparable Issue selected by the Independent Investment Bank as having an actual or interpolated maturity comparable to the period from the redemption date to the Remaining Weighted Average Maturity of the Notes to be so redeemed, plus 30 basis points, plus, in each case, any accrued and unpaid interest, plus Additional Amounts, on the principal amount of the Notes so redeemed to (but not including) the redemption date.

"Applicable Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Issue, assuming a price for the Comparable Issue (expressed as a percentage of its principal amount) equal to the Comparable Price for such redemption date.

"Comparable Issue" means the Peruvian government soles-denominated security or securities selected by an Independent Investment Bank as having an actual or interpolated maturity comparable to the period from the redemption date to the Remaining Weighted Average Maturity of the Notes to be so redeemed, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the period from the redemption date to the Remaining Weighted Average Maturity of such Notes.

"Comparable Price" means, with respect to any redemption date (1) the average of the Reference Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Dealer Quotation or (2) if fewer than four such Reference Dealer Quotations are obtained, the average of all such quotations.

"Independent Investment Bank" means one of the Reference Dealers appointed by the Company.

"Reference Dealer" means Citigroup Global Markets Inc. and Scotia Capital (USA) Inc., or one of their respective affiliates that is a Peruvian market maker (*creador de mercado*) participating in the Peruvian Market Maker Program (*Programa de Creadores de Mercado*), as designated by the Peruvian Ministry of Economy and Finance (*Ministerio de Economía y Finanzas*) (a "Market Maker") and three other Market Makers designated by the Company; provided that, if any of the foregoing cease to be a Market Maker, the Company will substitute therefor another Market Maker.

"Reference Dealer Quotation" means, with respect to each Reference Dealer and any redemption date, the average, as determined by the Independent Investment Bank, of the bid and asked prices for the Comparable Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Bank by such Reference Dealer at or about 1:30 p.m. (Lima time) on the third Business Day preceding such redemption date.

"Remaining Weighted Average Maturity" means, (i) April 17, 2026, for any redemption date prior to April 17, 2025, (ii) October 17, 2026, for any redemption date between April 17, 2025 and April 17, 2026, and (iii) April 17, 2027, for any redemption date between April 17, 2026 and April 17, 2027.

Optional Redemption Upon Tax Event

The Company may redeem the Notes, in whole but not in part, at its discretion at any time at a redemption price equal to the principal amount thereof, together with accrued and unpaid interest to, but excluding, the date fixed by the Company for redemption if (1) on the next date on which any amount would be payable in respect of the Notes, the Company is or would be required (i) to pay Additional Amounts with respect to the Notes in excess of the Additional Amounts that it would pay if payments in respect of the Notes were subject to deduction or withholding at a rate of 4.99% generally (excluding any value added taxes) determined without regard to any interest, fees, penalties or other additions to tax, or (ii) to make a payment to indemnify a Holder of Notes or any other Person in respect of Peruvian value added taxes, or if payment of principal of or premium, if any, on interest on the Notes is subject to value-added taxes and, in each case, the Company is not entitled to a tax credit with respect to such value-added taxes paid due to an action or event not attributable to the Company, as a result of any change in, expiration of or amendment to, the law of the relevant Tax Jurisdiction or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the relevant Tax Jurisdiction is a party, which change, expiration, amendment or treaty becomes effective on or after the later of the date of the Indenture and the date the relevant jurisdiction became a Tax Jurisdiction and (2) such requirement cannot be avoided by the Company taking reasonable measures; *provided* that for this purpose reasonable measures shall not include any change in the Company's jurisdiction of organization or location of its principal executive office. For the avoidance of doubt, reasonable measures may include a change in the jurisdiction of a paying agent; *provided* that such change shall not require the Company to incur material additional costs or legal or regulatory burdens.

The Company will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Company would be obligated to make such payment or withholding if a payment in respect of the Notes were then due. Prior to giving any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee (a) an Officers' Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that it cannot avoid the obligations to pay Additional Amounts by taking reasonable measures available to it; and (b) and an opinion of an independent tax counsel reasonably satisfactory to the Trustee to the effect that there has been such change, expiration, amendment or treaty which would entitle the Company to redeem the Notes pursuant to the Indenture.

Optional Redemption Procedures

In the event that less than all of the outstanding Notes are to be redeemed at any time, selection of Notes for redemption will be made in accordance with the applicable procedures of the depositary. No Notes of a principal amount of S/ 500,000 or less may be redeemed in part and Notes of a principal amount in excess of S/ 500,000 may be redeemed in part in multiples of S/ 1,000 only.

Notice of any redemption will be given, at least 30 but not more than 60 days before the redemption date to Holders of Notes to be redeemed as described under "—Notices." If Notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. A new Note in a principal amount equal to the unredeemed portion thereof, if any, will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a global Note will be made, as appropriate).

Notes called for redemption will become due on the date fixed for redemption. The Company will pay the redemption price for any Note together with accrued and unpaid interest thereon to (but not including) the redemption date. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption as long as the Company has deposited with a paying agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any Notes by the Company, such redeemed Notes will be cancelled.

Open Market Purchases

The Company and any of its Subsidiaries or Affiliates may, subject to applicable laws and regulations, at any time purchase Notes in the open market or otherwise at any price, which Notes may be delivered to the Trustee to be promptly cancelled by it. Any such Note not delivered to the Trustee to be cancelled may be resold only in compliance with all relevant laws, regulations and directives.

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, unless the Company has previously exercised its right to redeem all of the outstanding Notes as described above under "—Optional Redemption," each Holder will have the right to require that the Company purchase all or a portion (in integral multiples of S/ 1,000, provided that the principal amount of such Holder's Note will not be less than S/ 500,000) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon to, but excluding, the purchase date (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control Triggering Event occurs, the Company will send a notice to each Holder, with a copy to the Trustee as described under "—Notices," offering to purchase the Notes as described above (a "Change of Control Offer"). The Change of Control Offer will state, among other things, the purchase date, which must be at least 30 days but not more than 60 days from the date the notice is given, other than as may be required by law (the "Change of Control Payment Date"), and if given prior to the date of consummation of the Change of Control, state that the Change of Control Offer is conditioned on the Change of Control occurring on or prior to the Change of Control Payment Date.

On the Business Day immediately preceding the Change of Control Payment Date, the Company shall deposit with a paying agent funds in an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-l under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of Notes in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with this "Change of Control Triggering Event" provision, the Company will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company, and such third party purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Other existing and future indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control Triggering Event or require that Indebtedness be purchased upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes upon a Change of Control Triggering Event may cause a default under such indebtedness even if the Change of Control Triggering Event itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of senior Indebtedness. However, there can be no assurance that the Company would be able to obtain necessary financing on terms reasonable to the Company or at all, and the terms of the Indenture may restrict the ability of the Company to obtain such financing. See "Risk Factors—Risks Relating to the Notes—We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the notes."

Holders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control Triggering Event.

One of the events that constitutes a Change of Control, which is one of the components of a Change of Control Triggering Event, under the Indenture is the disposition of "all or substantially all" of the Company's assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of "all or substantially all" of the assets of a Person. In the event that Holders elect to require the Company to purchase the Notes and the Company contests such election, there can be no assurance as to how a court interpreting New York State law would interpret the phrase under certain circumstances.

Covenants

The Indenture provides that the following restrictive covenants will be applicable to the Company and its Subsidiaries.

Limitation on Liens

The Company will not, nor will it permit any Subsidiary to, issue, assume or suffer to exist any Indebtedness or Guarantee, if such Indebtedness or Guarantee is secured by a Lien of any kind upon any property or assets of the Company or any Subsidiary, unless, concurrently with the issuance or assumption of such Indebtedness or Guarantee or the creation of such Lien, the Notes are secured equally and ratably with (or prior to) such Indebtedness or Guarantee for so long as such Indebtedness or Guarantee is so secured; *provided*, *however*, that the foregoing restriction will not apply to:

(1) any Lien on (a) any property constructed, developed, expanded or improved by the Company or any Subsidiary (individually or together with other Persons) after the date of the Indenture or any property reasonably incidental to the use or operation of such property, or (b) any shares or other ownership interest in, or any Indebtedness of, any Person which holds, owns or is entitled to such property, products, revenue or profits, in each of clauses (a) and (b) to the extent such Lien is created, incurred or assumed (x) during the period such property was being constructed, developed, expanded or improved, or (y) contemporaneously with, or within 360 days after the completion of such construction, development, extension or improvement in order to secure or provide for the payment of all or any part of the purchase price or other consideration of such property or the other costs of such acquisition, construction, development, expansion or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(2) any Lien on any property (a) existing at the time of acquisition thereof which (x) is not created as a result of or in connection with or in anticipation of such acquisition and (y) does not attach to any other property other than the property so acquired or (b) acquired by the Company or any Subsidiary (individually or together with other Persons) after the date of the Indenture or any property reasonably incidental to the use or operation of such property, to the extent such Lien is created, incurred or assumed contemporaneously with, or within 360 days after such acquisition in order to secure or provide for the payment of all or any part of the purchase price or other consideration of such property or the other costs of such acquisition (including costs such as financing and refinancing costs);

(3) any Lien on any property acquired from a Person which is merged with or into the Company or any Subsidiary or any Lien existing on property of any Person at the time such Person becomes a Subsidiary, in either such case which (a) is not created as a result of or in connection with or in anticipation of any such transaction and (b) does not attach to any other property other than the property so acquired;

(4) any Lien which secures Indebtedness or a Guarantee owing by a Subsidiary to the Company or any other Subsidiary;

(5) any Lien existing on the date of the Indenture;

(6) Liens securing Hedging Obligations of the Company or any Subsidiary (a) that are incurred for the purpose of fixing, limiting, managing, hedging or swapping interest rate, commodity price or foreign currency exchange rate risk (or to reverse or amend any such agreements previously made for such purposes), in the ordinary course of business and not for speculative purposes, or (b) securing letters of credit that support such Hedging Obligations;

(7) any Lien on receivables which secures any line of credit used for working capital purposes by the Company or any Subsidiary in the ordinary course of business;

(8) any Lien on receivables and inventory which secures any trade finance facility used for working capital purposes by the Company or any Subsidiary in the ordinary course of business; and

(9) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (1) through (8); *provided*, *however*, that the principal amount of Indebtedness or Guarantee secured thereby will not exceed the principal amount of Indebtedness or Guarantee so secured at the time of such extension, renewal or replacement plus an amount necessary to pay any fees and expenses, including premiums and defeasance costs related to such transaction, and that such extension, renewal or replacement will be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property).

Notwithstanding the foregoing, the Company or any Subsidiary may issue or assume Indebtedness or a Guarantee secured by a Lien which would otherwise be prohibited under the provisions of the Indenture described in this "Limitation on Liens" section; *provided, however*, that the aggregate amount of such Indebtedness or Guarantee secured by a Lien of the Company and its Subsidiaries measured at the time of its incurrence (without duplication) together with the aggregate amount (without duplication) of Indebtedness and Guarantees secured by a Lien outstanding at such time previously incurred pursuant to this paragraph by the Company and its Subsidiaries and the Attributable Value of Sale and Leaseback Transactions entered into (without duplication) pursuant to the second paragraph under "—Limitation on Sale and Leaseback Transactions" outstanding at such time, will not exceed 20% of Consolidated Net Tangible Assets.

Limitation on Sale and Leaseback Transactions

The Company will not, nor will it permit any Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any property of the Company or any Subsidiary, unless, concurrently with such Sale and Leaseback Transaction, the Notes are secured equally and ratably with (or prior to) such Sale and Leaseback Transaction, unless after giving effect thereto:

(1) the Company or such Subsidiary would be entitled pursuant to the provisions of the Indenture described under "—Limitation on Liens" to issue or assume Indebtedness or a Guarantee (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such property without equally and ratably securing the Notes; or

(2) the Company or such Subsidiary applies or causes to be applied, in the case of a sale or transfer for cash, an amount equal to 100% of the net cash proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to 100% of the Fair Market Value of the property so leased, (a) to the retirement, within 12 months after the effective date of such Sale and Leaseback Transaction, of (i) Indebtedness of the Company ranking at least on a parity with the Notes or (ii) Indebtedness of any Subsidiary, in each case owing to a Person other than the Company or any Affiliate of the Company (except that, for purposes of

this (2)(a)(ii), Affiliates shall not include Prima AFP S.A. and Banco del Crédito del Peru S.A.), (b) to the acquisition, purchase, construction, development, extension or improvement of any fixed or capital assets or other real and tangible property, plant or equipment of the Company or that of any Subsidiary to be used by or for the benefit of the Company or any Subsidiary, in each case, in the ordinary course of business or (c) to the acquisition of a majority of the Voting Stock of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Subsidiary.

Notwithstanding the foregoing, the Company or any Subsidiary may enter into a Sale and Leaseback Transaction which would otherwise be prohibited under the provisions of the Indenture described in this "Limitation on Sale and Leaseback Transactions" section; *provided*, *however*, that the Attributable Value of such Sale and Leaseback Transaction (without duplication) of the Company and its Subsidiaries measured at the closing date of such Sale and Leaseback Transaction together with the Attributable Value of Sale and Leaseback Transactions previously incurred (without duplication) pursuant to this paragraph by the Company and its Subsidiaries and the aggregate amount (without duplication) of Indebtedness and Guarantees incurred pursuant to the second paragraph under "—Limitation on Liens" outstanding at such time, will not exceed 20% of Consolidated Net Tangible Assets.

Limitation on Consolidation, Merger, Sale or Conveyance

The Company will not consolidate with or merge into, or sell, convey or transfer all or substantially all of its properties and assets to, any Person, unless:

(1) either (a) the Company is the successor Person (the "Surviving Entity") or (b) the Surviving Entity (if other than the Company) is a corporation or limited liability company or similar entity organized and existing under the laws of Peru, Chile, Colombia, Brazil, the United States (or any State thereof or the District of Columbia) or any country that is a member of the European Union ("EU") and expressly assumes, by a supplemental indenture, the due and punctual payment of the principal of and interest on all the Notes, and the performance of every covenant in the Indenture on the part of the Company, as the case may be, to be performed or observed;

(2) in the case of a Surviving Entity that is a corporation or limited liability company organized and validly existing under the laws of Chile, Colombia, Brazil, the United States or a country that is a member of the EU, such Surviving Entity expressly assumes the obligation to pay Additional Amounts on account of any taxes, duties, assessments or other governmental charges imposed with respect to payments on the Notes by that country (or any political subdivision or taxing authority thereof or therein) as described in, and subject to the limitations set forth in, "—Additional Amounts" (substituting that country for Peru where appropriate);

(3) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, has occurred and is continuing; and

(4) the Company delivers to the Trustee an Officers' Certificate and independent opinions from each of United States and Peruvian counsels stating that such consolidation, merger, sale, conveyance or transfer and such supplemental indenture comply with the provisions in the Indenture relating to such transaction.

In case of any such consolidation, merger, sale, conveyance or transfer, such Surviving Entity will succeed to and be substituted for the Company as obligor on the Notes with the same effect as if it had been named in the Indenture as the Company.

For purposes of this "Limitation on Consolidation, Merger, Sale or Conveyance" covenant, the sale, conveyance or transfer of all the property of one or more Subsidiaries of the Company which property, if held by the Company instead of such Subsidiaries, would constitute all or substantially all the property of the Company on a consolidated basis, will be deemed to be the transfer of all or substantially all the property of the Company.

Reporting Requirements

The Company will provide the Trustee, and the Trustee will provide the Holders, with:

(1) copies in English of its (A) annual consolidated financial statements audited by an internationally recognized firm of independent public accountants, which may be its current independent public accountants, within 120 days after the end of each fiscal year and; (B) consolidated quarterly financial statements within 90 days after the end of each of the first three fiscal quarters of each fiscal year. These annual and quarterly financial statements will be prepared in accordance with IFRS; and

(2) so long as the Company is not subject to Section 13 or Section 15(d) of the Exchange Act and not exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, upon request, to any Holder and any prospective purchaser of the Notes, the information required pursuant to Rule 144A(d)(4) under the Securities Act.

In addition, so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, and the rules of the Luxembourg Stock Exchange so require, the Company will make available the information specified in the foregoing clauses (1) and (2) at the specified office of the Luxembourg paying agent.

Delivery of such reports and information to the Trustee is for informational purposes only and the Trustee's receipt thereof will not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants under the Indenture (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Other Covenants

The Indenture will contain certain other covenants relating to, among other things, the maintenance of corporate existence and maintenance of books and records. Copies of the Indenture will be available at the offices of the Company, the Trustee and the Luxembourg paying agent.

Notices

As long as the Notes are issued in global form, notices to be given to Holders will be given to DTC, in accordance with its applicable policies as in effect from time to time. If the Notes are issued in definitive, non-global form, notices to Holders of Notes will be mailed, at the Company's expense, to them at their registered addresses.

In addition, from and after the date the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and so long as it is required by the rules of such exchange, all notices to Holders of Notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which currently is expected to be *Luxemburger Wort*); or

(2) on the website of the Luxembourg Stock Exchange at *http://www.bourse.lu*.

Notices will be deemed to have been given on the date notice is given or on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication. If publication as provided above is not practicable, notices will be given in such other manner, and will be deemed to have been given on such date.

Events of Default

The following are "Events of Default" with respect to the Notes:

(1) default in the payment when due of the principal of or premium, if any, on (including, in each case, any related Additional Amounts) any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to a redemption or Change of Control Offer;

(2) default for 30 days or more in the payment when due of interest (including any related Additional Amounts) on any Notes;

(3) the failure to perform or comply with any of the provisions described under "—Covenants—Limitation on Consolidation, Merger, Sale or Conveyance";

(4) the failure by the Company to comply with any other covenant or agreement contained in the Indenture or the Notes for 60 days or more after written notice to the Company from the Trustee or after written notice to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Notes;

(5) default by the Company or any Material Subsidiary under any Indebtedness which:

(a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness after giving effect to any applicable grace period provided in such Indebtedness on the date of such default; or

(b) results in the acceleration of such Indebtedness prior to its Stated Maturity;

and the principal or accreted amount of Indebtedness covered by clause (a) or (b) at the relevant time, aggregates US$30,000,000 (or the equivalent in other currencies) or more;

(6) failure by the Company or any Material Subsidiary to pay one or more final judgments against any of them, aggregating US$30,000,000 (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (to the extent not covered by a reputable and creditworthy insurance company that has acknowledged liability therefor in writing); or

(7) certain events of bankruptcy affecting the Company or any Material Subsidiary or group of Subsidiaries that, taken together, would constitute a Material Subsidiary.

If an Event of Default (other than an Event of Default specified in the foregoing clause (7)) has occurred and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes to be immediately due and payable by notice in writing to the Company and the Trustee (if given by the Holders) specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in the foregoing clause (7) occurs, then the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the outstanding Notes may rescind and cancel such declaration and its consequences:

(i) if the rescission would not conflict with any judgment or decree;

(ii) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of such declaration of acceleration; and

(iii) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The Holders of a majority in principal amount of the outstanding Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

In the event of a declaration of acceleration of the Notes because an Event of Default described in the foregoing clause (5) has occurred and is continuing, the declaration of acceleration of the Notes and the related Event of Default will be automatically annulled if the default triggering such Event of Default pursuant to clause (5) is

remedied or cured by the Company or a Material Subsidiary or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if:

(i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction; and

(ii) all existing Events of Default, except nonpayment of principal of or premium, if any, or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

The Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity reasonably satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such Holder gives to the Trustee written notice of a continuing Event of Default;

(2) Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to institute such proceeding or pursue such remedy;

(3) the Holders of the Notes provide to the Trustee satisfactory indemnity;

(4) the Trustee does not comply with such request within 60 days after the receipt of the request and offer of indemnity; and

(5) during such 60-day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The Company is required, within five Business Days upon becoming aware of any Default or Event of Default, to deliver to the Trustee an Officers' Certificate notifying the Trustee of such Default or Event of Default. In addition, the Company is required to deliver to the Trustee, within 135 days after the end of each fiscal year, an Officers' Certificate indicating whether the signatories know of any Default or Event of Default that occurred during the previous fiscal year. The Indenture provides that if a Default or Event of Default occurs, is continuing and a responsible officer of the Trustee has received written notice thereof, the Trustee must give to each Holder notice of the Default or Event of Default within 60 days after the Trustee receives written notice of such Default or Event of Default. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold such notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights (including the Trustee's right of reimbursement of fees and expenses and the Trustee's right of indemnification) or registration of transfer or exchange of the Notes and the rights, powers, trusts, immunities and indemnities of the Trustee and the Company's obligations in connections therewith, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or

segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable and the Company has irrevocably deposited or caused to be deposited with the Trustee funds to pay and discharge the entire Indebtedness on the outstanding Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the Notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company and the Trustee, without the consent of the Holders, may amend, modify or supplement the Indenture and the Notes for the following purposes:

(1) to cure any ambiguity, defect or inconsistency contained therein;

(2) to add Guarantees with respect to the Notes;

(3) to secure the Notes or subsequently release any security of the Notes if permitted under the Indenture;

(4) to add to the covenants of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;

(5) to provide for the issuance of Additional Notes in accordance with the Indenture;

(6) to evidence the replacement of the Trustee as provided for under the Indenture;

(7) to comply with the covenant described under "—Covenants—Limitation on Consolidation, Merger, Sale or Conveyance";

(8) to conform the terms of the Indenture or the Notes with the description thereof set forth in this "Description of the Notes" to the extent that such description was intended to be a verbatim recitation of a provision of the Indenture or the Notes; or

(9) to make any other change that does not adversely affect the rights of Holders of the Notes in any material respect.

In executing any such supplement or amendment, the Trustee will be entitled to rely on such evidence as it deems appropriate, including, without limitation, solely on an Opinion of Counsel and an Officers' Certificate stating that such supplement or amendment is authorized or permitted by the Indenture.

Other modifications to, amendments of, and supplements to, the Indenture or the Notes may be made with the consent of the Holders of a majority in principal amount of the then outstanding Notes, except that, without the consent of each Holder affected thereby, no amendment may:

(1) reduce the percentage of the principal amount of the Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any Notes payable in money other than that stated in the Notes;

(5) make any change in provisions of the Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of outstanding Notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control Triggering Event that has occurred; and

(7) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of Holders or amend the terms of the Notes in a way that would result in a loss of exemption from any applicable taxes.

Governing Law; Jurisdiction

The Indenture and the Notes will be governed by, and construed in accordance with, the law of the State of New York.

The Company will submit to the non-exclusive jurisdiction of the U.S. federal and New York state courts located in the Borough of Manhattan in New York City and will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture or the Notes.

The Trustee

The Bank of New York Mellon is the Trustee under the Indenture. Its address is 240 Greenwich Street, New York, New York, 10286.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture and no implied duties or obligations shall be read into the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No Personal Liability

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company or any Subsidiary will have any liability for any obligations of the Company under the Notes or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws or under Peruvian corporate law, and it is the view of the SEC that such a waiver may be contrary to public policy.

Currency Indemnity

The Company will pay all sums payable under the Indenture and the Notes solely in U.S. dollars. Any amount that any recipient receives or recovers in a currency other than U.S. dollars in respect of any sum expressed to be due to such recipient from the Company will only constitute a discharge to the Company, to the greatest extent permitted under applicable law, to the extent of the U.S. dollar amount which such recipient is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such recipient is able to do so. If the U.S. dollar amount which such recipient is able to purchase with the amount received or recovered in another currency is less than the U.S. dollar amount expressed to be due to such recipient, to the greatest extent permitted under applicable law, the Company will indemnify such recipient against any loss sustained by such recipient as a result. In any event, the Company will indemnify the recipient against the cost of making any purchase of U.S. dollars. For the purposes of this paragraph, it will be sufficient for the recipient to certify in a satisfactory manner that such recipient would have suffered a loss had an actual purchase of U.S. dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date,

on the first date on which such recipient is able to do so. In addition, such recipient will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any recipient; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note.

Listing

In the event that the Notes are listed as anticipated on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Company will use its reasonable best efforts to maintain such listing; provided that the Company may delist the Notes from the Luxembourg Stock Exchange in accordance with the rules of that exchange and seek an alternative admission to listing, trading and/or quotation for the Notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the EU as the Company's Board of Directors may decide.

Certain Definitions

The following sets forth certain of the defined terms used in the Indenture. Reference is made to the Indenture for full disclosure of all such terms, as well as any other terms used herein for which no definition is provided.

"Additional Amounts" has the meaning set forth under "—Additional Amounts."

"Additional Notes" has the meaning set forth under "—General."

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Attributable Value" means as to any particular lease under which the Company or any Subsidiary is at any time liable as lessee and any date as of which the amount thereof is to be determined, the total net obligation of the lessee for rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such lease (as determined in good faith by the Company in accordance with generally accepted financial practice).

"Average Representative Market Rate" means, for any FX Determination Date, the average of the Representative Market Rates for each Business Day in the five Business Day period ending on such FX Determination Date.

"Board of Directors" means, with respect to any Person, the board of directors or similar governing body of such Person.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by an Officer of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification.

"Business Day" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Lima, Peru.

"Capital Stock" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in the foregoing clauses (1) or (2), but excluding any debt securities convertible into such equity.

"Change of Control" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d) of the Exchange Act)) other than to the Company, one of its Subsidiaries or the Permitted Holders;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as those terms are used for purposes of Section 13(d)(3) of the Exchange Act), other than the Company, one of its wholly-owned Subsidiaries or the Permitted Holders, (A) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of the Company's Voting Stock, measured by voting power rather than number of shares, or (B) appoints or acquires the ability to appoint a majority of the members of the Company's Board of Directors;

(3) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property; or

(4) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company, whether or not otherwise in compliance with the Indenture.

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if (i)(A) the Company becomes a wholly-owned Subsidiary of a holding company and (B) the holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Company's Voting Stock immediately prior to that transaction, (ii) pursuant to a transaction in which the shares of the Company's Voting Stock outstanding immediately prior to the transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person immediately after giving effect to such transaction or (iii) the "person" or "group" referenced in clause (1) or (2) of the preceding sentence previously became the beneficial owner of the Company's Voting Stock so as to have constituted a Change of Control in respect of which a Change of Control Offer was made (or otherwise would have required a Change of Control Offer in the absence of the waiver of such requirement by the Holders of the Notes).

"Change of Control Payment" has the meaning set forth under "—Change of Control Triggering Event."

"Change of Control Payment Date" has the meaning set forth under "—Change of Control Triggering Event."

"Change of Control Triggering Event" means the occurrence of a Change of Control and a Rating Downgrade Event.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"Consolidated Net Tangible Assets" of any person means, as of any date, (a) all amounts that would be shown as assets on a consolidated balance sheet of such person and its Subsidiaries prepared in accordance with IFRS, less (b) the amount thereof constituting goodwill and Intangible Assets as calculated in accordance with IFRS, less (c) current liabilities (other than current maturities of long-term debt).

"Default" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"EMTA" means the Emerging Markets Trade Association.

"EMTA PEN Indicative Survey Methodology" means the methodology, dated as of August 1, 2006, as amended from time to time, for a centralized industry-wide survey of financial institutions that are active participants in the PEN/U.S. dollar markets.

"Event of Default" has the meaning set forth under "—Events of Default."

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"Fair Market Value" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction. The Fair Market Value of any such asset or assets will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution; provided that, with respect to a value of less than US$2,000,000 (or the equivalent in other currencies), such determination may be made by two or more Officers of the Company and only an Officers' Certificate will be required.

"Fitch" means Fitch, Inc., or any successor thereto.

"FX Determination Date" means, for any payment due on the Notes, the date that is two Business Days prior to the date such payment is due.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part;

provided that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee," when used as a verb, has a corresponding meaning. The term "Guarantee" will not apply to a guarantee of intercompany Indebtedness among the Company and the Subsidiaries or among the Subsidiaries.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(1) any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement;

(2) any commodity forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement; or

(3) any foreign exchange contract, currency swap agreement, futures contract, option agreement or other similar agreement or arrangement.

"Holder" means the Person in whose name a Note is registered in the note register pursuant to the terms of the Indenture.

"IFRS" means the International Financial Reporting Standards as adopted by the International Accounting Standards Board which are in effect from time to time.

"Indebtedness" means, with respect to any Person (without duplication):

(1) any obligation of such Person (a) for borrowed money, under any reimbursement obligation relating to a letter of credit (other than letters of credit payable to suppliers in the ordinary course of business), under any reimbursement obligation relating to a financial bond or under any reimbursement obligation relating to a similar instrument or agreement, (b) for the payment of money relating to any obligations under any capital lease of real or personal property or (c) under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction (other than (i) any such agreements or instruments directly related to Indebtedness otherwise incurred in compliance with the Indenture and (ii) any such agreements as are entered into in the ordinary course of business and are not for speculative purposes or the obtaining of credit); and

(2) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clause (1).

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. For the purpose of determining any particular amount of Indebtedness under this definition, guarantees of Indebtedness (or obligations with respect to letters of credit) otherwise included in the determination of such amount shall not be included.

"Intangible Assets" means, with respect to the Company and its consolidated Subsidiaries, unamortized deferred charges, patents, trademarks, service marks, trade names, copyrights, write-ups of assets over their carrying value at the end of each fiscal year, and all other items which would be treated as intangibles on the balance sheet of the Company and its consolidated Subsidiaries (except unamortized debt discount and expense), according to IFRS.

"Investment Grade Rating" means a rating equal to or higher than Baa3 by Moody's (or the equivalent under any successor rating categories of Moody's), BBB- by S&P (or the equivalent under any successor rating categories of S&P) or BBB- by Fitch (or the equivalent under any successor rating categories of Fitch), and the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by the Company.

"Issue Date" means the original date of issuance of Notes under the Indenture.

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); provided that the lessee in respect of a Sale and Leaseback Transaction will be deemed to have incurred a Lien on the property leased thereunder.

"Material Subsidiary" means a Subsidiary that represented 15% or more of the Company's consolidated assets or net sales in the preceding fiscal year.

"Moody's" means Moody's Investors Service, Inc., or any successor thereto.

"Officer" means, when used in connection with any action to be taken by the Company, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, any Vice President, the Treasurer or the Controller of the Company (or, in each case, the officers of the Company with equivalent positions).

"Officers' Certificate" means, when used in connection with any action to be taken by the Company, a certificate signed by two Officers or by an Officer and an Assistant Treasurer of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel reasonably acceptable to the Trustee and signed by legal counsel who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture) and who is reasonably acceptable to the Trustee.

"PEN" means Peruvian Soles.

"Permitted Business" means any business conducted or proposed to be conducted (as described in this listing memorandum) by the Company and the Subsidiaries on the Issue Date and other businesses ancillary thereto, including, without limitation, the manufacture, distribution or sale of consumer goods.

"Permitted Holders" means (i) members of the Romero or Onrubia families, (ii) any spouse, descendant, heirs or estate of the individuals referred to in the preceding clause (i) and (iii) any non-natural Person that is an Affiliate of any of the Persons referred to in the preceding clauses (i) and (ii) and with respect to which a Person or Persons listed in the preceding clauses (i) and (ii) owns the majority of the aggregate of the total voting power of the Voting Stock in such non-natural Person, on a fully diluted basis.

"Person" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"Peru" means the Republic of Peru.

"Preferred Stock" means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"Rating Agencies" means each of Moody's, S&P and Fitch and, if any of Moody's, S&P and Fitch ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-l(c)(2)(vi)(F) under the Exchange Act selected by the Company (as certified by a resolution of the Company's Board of Directors) as a replacement agency for Moody's, S&P or Fitch, or any of them, as the case may be.

"Rating Downgrade Event" means the rating on the Notes is lowered from their rating then in effect by one or more notches below an Investment Grade Rating by any of the Rating Agencies on any date during the period (the "Trigger Period") commencing 60 days prior to the earlier of (i) the first public announcement by the Company of any Change of Control (or pending Change of Control) and (ii) the Change of Control, and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change); provided that a Rating Downgrade Event otherwise arising by virtue of a particular lowering in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Rating Downgrade Event for purposes of the definition of Change of Control Triggering Event hereunder) if the Rating Agency making the lowering in rating to which this definition would otherwise apply does not announce or publicly confirm that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Downgrade Event). Notwithstanding the foregoing, no Rating Downgrade Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Representative Market Rate" means the exchange rate reported by the SBS (www.sbs.gob.pe) of the Republic of Peru as the "*Tipo de Cambio Mercado Profesional, Promedio Ponderado (S/)*" (as of the date of the listing memorandum, this rate is published (a) by the SBS at http://www.sbs.gob.pe/app/pp/SISTIP_PORTAL/Paginas/Publicacion/TipoCambioPromedio.aspx and (b) on Bloomberg screen (PEN SBSP Curncy)); such rate shall be rounded to the fourth decimal place (e.g., 1.0000). If such rate is not available on the relevant Business Day, the average exchange rate in the interbank market of Peru shall be used, expressed as the amount of PEN per U.S. dollar for settlement on the same day reported by the Peruvian Central Bank (www.bcrp.gob.pe) as the "*Tipo de Cambio Interbancario Venta Promedio*" at approximately 4:00 p.m., Lima time, or as soon thereafter as practicable, on the relevant Business Day. If such rate is not available on the relevant Business Day, then the Representative Market Rate shall mean the PEN/ U.S. dollar average of the bid and offer rate for U.S. dollars, expressed as the amount of PEN per one U.S. dollar, for settlement

on the same day, as published on EMTA's web site (www.emta.org) at approximately 11:00 a.m., Lima time, or as soon as practicable thereafter, on the relevant Business Day. The spot rate shall be calculated by EMTA (or a service provider EMTA may select in its sole discretion) pursuant to the EMTA PEN Indicative Survey Methodology. If such rate is not available or there is an Unscheduled Holiday on the relevant Business Day, then the calculation agent must take the PEN/ U.S. dollar average of the bid and offer rate for U.S. dollars, expressed as the amount of PEN per one U.S. dollar, from the previous Business Day on which a rate was available on any of the sources mentioned above.

"Sale and Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Company or any Subsidiary whereby the Company or such Subsidiary transfers such property to a Person with the intention of taking back a lease pursuant to which rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and the Company or such Subsidiary leases such property for a period greater than three years from such Person, other than leases between the Company and a Subsidiary or between Subsidiaries.

"SBS" means the Peruvian Banks, Insurance and Private Pension Fund Administrators Superintendency (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones*), or any successor entity thereto.

"SEC" means the U.S. Securities and Exchange Commission.

"SMV" means the Peruvian Securities Markets Superintendency (*Superintendencia del Mercado de Valores*), or any successor entity.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"Subsidiary" means any Person of which the Company owns, directly or indirectly, more than 50% of the voting power of the other Person's outstanding Voting Stock.

"S&P" means Standard & Poor's Rating Services, or any successor thereto.

"Unscheduled Holiday" means that a day is not a Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Lima two Business Days prior to the relevant FX Determination Date.

"Voting Stock" means, with respect to any Person, securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

BOOK-ENTRY, DELIVERY AND FORM

General

The certificates representing the notes will be issued in fully registered form without interest coupons. Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by permanent notes in global, fully registered form without interest coupons (each, a "Restricted Global Note"). The notes sold in offshore transactions in reliance upon Regulation S under the Securities Act will initially be represented by permanent notes in global, fully registered form without interest coupons (each, a "Regulation S Global Note," together with the Restricted Global Notes, the "Global Notes"). The Global Notes will be deposited with the trustee as a custodian for DTC, as depositary, and registered in the name of a nominee of such depositary.

The Global Notes (and any notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the indenture and will bear the applicable legend regarding such restrictions set forth under the heading "Transfer Restrictions—Legends" herein. QIBs or non–U.S. purchasers may elect to take a Certificated Security (as defined below under "Certificated Securities") instead of holding their interests through the Global Notes (collectively referred to herein as the "Non–Global Purchasers"), which Certificated Notes will be ineligible to trade through DTC, only in the limited circumstances described below. For a description of the restrictions on transfer of Certificated Securities and any interest in the Global Notes, see "Transfer Restrictions" and "Plan of Distribution—Notes Are Not Being Registered."

The Global Notes

We expect that, pursuant to procedures established by DTC, (i) upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount at maturity of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with such depositary ("participants") and (ii) ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Such accounts initially will be designated by or on behalf of the initial purchasers and ownership of beneficial interests in the Global Notes will be limited to participants or persons who hold interests through participants. Holders may hold their interests in the Global Notes directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC or its nominee is the registered owner or holder of the notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such Global Notes for all purposes under the indenture governing the notes. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC's procedures, in addition to those provided for under the indenture with respect to the notes.

Payments of the principal of, and premium (if any) and interest on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither we, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

We expect that DTC or its nominee, upon receipt of any payment of principal of, and premium (if any) and interest on the Global Notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way through DTC's same–day funds system in accordance with DTC rules and will be settled in same–day funds. If a holder requires physical delivery

of a Certificated Security, such holder must transfer its interest in a Global Note, in accordance with the normal procedures of DTC and with the procedures set forth in the Indenture.

DTC has advised us that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the indenture, DTC will exchange the Global Notes for Certificated Securities, which it will distribute to its participants and which will be legended as set forth under the heading "Transfer Restrictions" and "Plan of Distribution—Notes Are Not Being Registered."

DTC has advised us as follows: DTC is a limited–purpose trust company organized under New York banking law, a "banking organization" within the meaning of the New York banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non–U.S. equity, corporate and municipal debt issues that participants deposit with DTC. DTC also facilitates the post–trade settlement among participants of sales and other securities transactions in deposited securities through electronic computerized book–entry transfers and pledges between participants' accounts. This eliminates the need for physical movement of securities certificates. Participants include both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to indirect participants such as both U.S. and non–U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, it is under no obligation to perform such procedures, and such procedures may be discontinued at any time. None of us, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Securities

A Global Note is exchangeable for certificated notes in fully registered form without interest coupons ("Certificated Securities") only in the following limited circumstances:

- DTC notifies us that it is unwilling or unable to continue as depositary for the Global Note and we fail to appoint a successor depositary within 90 days of such notice, or
- there shall have occurred and be continuing an event of default with respect to the notes under the indenture and DTC shall have requested the issuance of Certificated Securities.

Certificated Securities may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Transfer Restrictions" and "Plan of Distribution—Notes Are Not Being Registered."

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer the notes will be limited to such extent.

Exchanges Between Regulation S Notes and Restricted Global Notes

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the notes, and to which Global Note the transfer is being made, the seller may be required to provide certain written certifications in the form provided in the indenture. A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Restricted Global Notes will be effected by DTC by means of an instruction originated by the trustee through the DTC deposit/withdrawal at custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Restricted Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

TAXATION

The following discussion summarizes certain Peruvian and U.S. federal income tax considerations that may be relevant to you if you invest in the notes. This summary does not purport to be a comprehensive description of all potential Peruvian tax and United States federal income tax considerations that may be relevant to a decision to purchase, own or dispose of the notes and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Peru and the United States. There is currently no double tax treaty between the United States and Peru.

Prospective investors therein should consult their own tax advisors as to the Peruvian, United States, or other tax consequences of the purchase, ownership and disposition of the notes or, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of state, local, foreign or other tax laws.

Peruvian Tax Considerations

The following is a general summary of certain material Peruvian tax consequences that may be relevant with respect to the ownership or disposition of the notes by non-Peruvian holders. This summary is not intended to be a comprehensive description of all of the Peruvian tax considerations that may be relevant to a decision by non-Peruvian holders to make an investment in the notes. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Peru or (b) applicable to anyone different from a non-Peruvian holder.

For purposes of this section, "non-Peruvian holder" means either: (i) a legal entity which has been incorporated outside Peru, provided that it does not conduct any trade or business through a permanent establishment in Peru or holds the notes through a Peruvian branch or (ii) an individual who is not a Peruvian tax resident. For Peruvian tax purposes, an individual is deemed to be a Peruvian tax resident if such individual is (i) a Peruvian citizen who has a regular residence in Peru, or (ii) a non-Peruvian citizen who has resided or remained in Peru for more than 183 calendar days during any 12-month period. The change on the condition of residence will be effective as of January 1 of the following calendar year in which such conditions are met. As used herein, the term "note" means a beneficial interest in the Global Notes as defined above in this listing memorandum. An investor is a non-Peruvian holder of a note or, in the event that the notes are exchanged for definitive notes, a non-Peruvian holder of a definitive note or a beneficial interest therein, as the case may be.

The discussion in this summary is not intended or written to be used, and cannot be used or relied upon by any person, for the purpose of avoiding Peruvian taxation, and was written to support the promotion or marketing of this offering. Prospective investors should consult an independent tax advisor with respect to the Peruvian tax consequences of participating.

Peruvian Income Tax

Payment of Interest

Interest credited to the payees will be subject to a Peruvian withholding tax at a 4.99% preferential rate, unless the payee is a related party or an individual residing in a non-cooperative or low-tax or zero-tax jurisdiction, cases in which a 30% Peruvian withholding tax rate would apply.

We are required to act as withholding agent for any income tax due with respect to interest paid on the notes. We have agreed, subject to specified exceptions and limitations, to assume the withholding payments or pay additional amounts so that the non-Peruvian holder of the note receives an amount equal to the sum it would have received had no such deductions or withholdings been made. See "Description of the Notes—Additional Amounts."

Sale of the Notes

Proceeds received by a non-Peruvian holder on the sale, exchange or disposition of a note will not be subject to any Peruvian withholding or capital gains tax. In the event that the notes are exchanged for definitive notes, any capital gains accrued and received by a non-Peruvian holder on the sale, exchange or disposition of the definitive notes will be subject to Peruvian Income Tax at a 30% rate.

A 5% preferential rate would be applicable should (i) such definitive notes be registered with the SMV; and (ii) such sale be performed through trading sessions of a Peruvian stock exchange such as the BVL.

A capital gain will be equal to the difference between (i) the amount realized on the sale, exchange or disposition of the definitive notes, and (ii) the purchase price paid for such definitive notes, which must be certified by the Peruvian tax administration, before any payment is made, under a form submitted by the non-Peruvian holder of the definitive notes along with back-up documentation evidencing, among others, that the purchase price has been paid in a Peruvian bank account, unless the sale, exchange or disposition is made through the Peruvian Stock Exchange.

Value added tax

Interest paid on the notes is not subject to Peruvian Value Added Tax (*Impuesto General a las Ventas*, or "VAT"). The sale, exchange or disposition of the notes or the definitive notes is not subject to VAT.

Financial Transaction Tax

In Peru, there is a financial transactions tax ("FTT"), which taxes at a rate of 0.005% any debit or credit made in an account opened with a Peruvian bank or any other financial institution, either in Peruvian or foreign currency. Likewise, if the issue price paid for the notes is deposited in a Peruvian Financial System ("PFS") bank account, such credit will also be levied at the corresponding FTT rate. The taxpayer of the FTT is the holder of the PFS bank account.

U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences of acquiring, owning and disposing of the notes. Except where otherwise noted, this discussion applies only to U.S. Holders (as defined below) of notes that purchase the notes at the initial issue price indicated on the cover of this listing memorandum and that hold the notes as "capital assets" (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing final, temporary and proposed U.S. Treasury regulations, administrative pronouncements by the IRS and judicial decisions, all as of the date hereof and all of which are subject to change (possibly on a retroactive basis) and to different interpretations. This discussion assumes that the notes will not be issued with more than a de minimis amount of original issue discount for U.S. federal income tax purposes.

This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular holder and holders are urged to consult their own tax advisors regarding their specific tax situations. The discussion does not address the tax consequences that may be relevant to holders subject to special tax rules, including, for example:

- insurance companies;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect the mark-to-market method of accounting with respect to their securities holdings;

- holders subject to special tax accounting rules as a result of any item of gross income with respect to the notes being taken into account in an "applicable financial statement" (as defined in section 451 of the Code);

- banks or other financial institutions;

- partnerships or other pass-through entities or arrangements for U.S. federal income tax purposes;

- U.S. Holders whose functional currency for U.S. federal income tax purposes is not the US dollar;

- U.S. expatriates; or

- holders that hold the notes as part of a hedge, straddle, conversion or other integrated transaction.

Further, this discussion does not address the U.S. federal estate and gift tax, or alternative minimum tax consequences, or the Medicare tax on net investment income, or any state, local and non-U.S. tax consequences of acquiring, owning and disposing of the notes.

As used herein, the term "U.S. Holder" means a beneficial owner of the notes that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;

- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income tax regardless of its source; or

- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has an election in effect under current U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences of acquiring, owning and disposing of the notes.

Treatment of the Notes

Because the notes are denominated in a currency other than the U.S. dollar, the notes are subject to special rules under Section 988 of the Code and the Treasury regulations thereunder (the "988 regulations"). The proper application of the 988 regulations to the notes is unclear. For purposes of applying the 988 regulations to the notes, we believe that it is reasonable to treat the Average Representative Market Rate used to translate the issue price and payments on a note into U.S. dollars (as set forth above under "Description of the Notes—Principal, Maturity and Interest") as the relevant exchange rates for determining income, gain or loss with respect to payments on, or the proceeds from the disposition of, the notes, and the remainder of this discussion assumes that such treatment is correct. It is possible, however, that the Internal Revenue Service ("IRS") could require a U.S. Holder to calculate income, gain or loss on the notes using spot rates in effect on the issue date or on a relevant payment date, as the case may be. If such rates were to apply, it is possible that the character, amount, source and timing of income, gain or loss on the notes could differ from what is described below. U.S. Holders should consult their tax advisors regarding the proper application of the 988 regulations to the notes.

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the notes. For example, in the event of a change of control, we generally would be required to offer to repurchase the notes at 101% of their principal amount plus accrued and unpaid interest (see "Description of the Notes—Change of Control Triggering Event"). We intend to take the position that the notes should not be treated as "contingent payment debt instruments" for U.S. federal income tax purposes because of these additional payments. This

position is based in part on assumptions regarding the likelihood, as of the date of issuance of the notes, that such additional payments will be paid. Our position is binding on all holders, unless a holder discloses its differing position in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which a note was acquired. The IRS, however, may take a contrary position from that described above, which could affect the timing and amount of income included and the character of gain recognized with respect to the notes. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

Stated Interest

Stated interest paid to a U.S. Holder on a note, including any amount withheld in respect of any taxes and any Additional Amounts, will be includible in such U.S. Holder's gross income as ordinary interest income at the time such payments are received or accrued in accordance with such U.S. Holder's usual method of tax accounting for U.S. federal income tax purposes. In addition, interest on the notes will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. foreign tax credit purposes. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the notes. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

A cash-method U.S. Holder who has not made an election to accrue interest income on a note currently should include in income the U.S. dollar amount received in respect of interest. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year). Alternatively, an accrual basis U.S. Holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the portion of the accrual period within each taxable year in the case of a partial accrual period) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. For purposes of this election, we believe that it is reasonable to translate interest income into U.S. dollars at the Average Representative Market Rate in effect on the relevant FX Determination Date. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, if any, in an amount equal to the difference between the U.S. dollar amount of the interest payment (received in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (as determined above). This foreign currency gain or loss will be ordinary income or loss and generally will not be treated as an adjustment to interest income or expense. Foreign currency gain or loss generally will be U.S. source.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including a redemption) of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid stated interest which will be taxable as ordinary income to the extent not previously included in gross income) and the U.S. Holder's adjusted tax basis in the note. The cost of a note will be the U.S. dollar value of the purchase price in *soles* on the date of purchase. For purposes of this determination, we believe it is reasonable to calculate the cost of the note using the Average Representative Market Rate on the relevant FX Determination Date.

Subject to the foreign currency rules discussed below, any gain or loss from the sale, exchange, or other disposition of a note will generally be capital gain or loss and will be long-term capital gain or loss if the note has been held for more than one year at the time of its sale, exchange or other taxable dispositions. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

Any gain or loss realized on the sale, exchange or other taxable disposition of a note generally will be treated as U.S. source gain or loss. If any gain from the sale, exchange or other taxable disposition of notes is subject to foreign income tax (such as the Peruvian capital gains tax described above under "—Peruvian Tax Considerations—Income Tax—Sale of the notes "), U.S. Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code (because such gain generally would be U.S. source income) unless such income tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income that is treated as derived from foreign sources. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year.

Any gain or loss recognized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in foreign currency exchange rates during the period in which the U.S. Holder held such note. The U.S. Holder will recognize foreign currency gain or loss equal to the difference between (i) the U.S. dollar value of the *soles* principal amount of the note, determined based on (A) in the case of a sale or exchange, the spot rate in effect on the date the note is disposed of, or (B) in the case of retirement, the Average Representative Market Rate on the FX Determination Date and (ii) the U.S. dollar value of the *soles* principal amount of the note, determined using the Average Representative Market Rate with respect to the issuance of the note. The recognition of any foreign currency gain or loss, including foreign currency gain or loss with respect to amounts attributable to accrued and unpaid stated interest, will be limited to the amount of overall gain or loss realized on the disposition of the notes.

U.S. Backup Withholding and Information Reporting

Backup withholding and information reporting requirements generally apply to payments of principal of, and interest on, a note and to proceeds of the sale or redemption of a note, to U.S. Holders. Information reporting generally will apply to payments of principal of, and interest on, notes (including Additional Amounts, if any), and to proceeds from the sale or redemption of notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding will be required on payments made within the United States, or by a U.S. payor or U.S. middleman, on a note to a U.S. Holder, other than an exempt recipient, if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. A holder of notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

In addition, certain U.S. Holders who are individuals are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions). U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement among us, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Scotia Capital (USA) Inc., as the initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of notes set forth opposite its name below.

Initial Purchasers	**Principal Amount of Notes**
	(S/ in millions)
Citigroup Global Markets Inc.	714,872,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	714,872,000
Scotia Capital (USA) Inc.	210,256,000
Total	1,640,000,000

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any of these notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the initial purchasers and their affiliates against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as, but not limited to the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Commissions and Discounts

The notes will initially be offered at the offering price set forth on the cover page of this listing memorandum. After the initial offering of the notes, the offering price or any other selling terms may from time to time be changed by the initial purchasers. The initial purchasers may offer and sell the notes through certain of their respective affiliates.

Notes Are Not Being Registered

The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, registration requirements of the Securities Act. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers (as defined in Rule 144A) and outside the United States to non-U.S. persons in reliance on Regulation S. The notes sold to qualified institutional buyers under Rule 144A and the notes sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by one or more Global Notes. The notes will be subject to restrictions on transfer and will bear restrictive legends. See "Book-Entry, Delivery and Form."

In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

New Issue of Notes

The notes are a new issue of securities with no established trading market. Although we expect to have the notes listed on Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, we cannot assure you that an active market for the notes will develop. We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. Accordingly, we cannot assure you as to the liquidity of, or trading markets for, the notes.

If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 30 days after the date of this listing memorandum, without first obtaining the prior written consent of the initial purchasers (such consent not to be unreasonably withheld or delayed), directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open "put equivalent position" within the meaning of Rule 16a-1 under the Exchange Act, or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any of our debt securities or securities exchangeable for or convertible into our debt securities, except for the notes offered and sold to the initial purchasers pursuant to the purchase agreement.

Settlement

We expect that delivery of the notes will be made to investors on or about the date specified in the last paragraph of the cover page of this listing memorandum, which will be the fifth business day following the date of this listing memorandum (such settlement being referred to as "T + 5"). Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or within the two succeeding business days may be required, by virtue of the fact that the notes initially settle in T + 5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to the second business day before their date of delivery hereunder should consult their advisors.

Short Positions

In connection with the offering of the notes, the initial purchasers (or persons acting on their behalf) may purchase and sell the notes in the open market and engage in certain transactions, such as short sales, stabilizing transactions and purchases to cover syndicate short positions. Short sales involve secondary market sales by the initial purchasers of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve bids to purchase notes in the open market after the distribution has been completed in order to cover short positions. Purchases to cover syndicate short positions and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of the notes or cause the price of the notes to be higher than it would otherwise be in the open market in the absence of those transactions. As a result, the price of the notes maybe higher than the price that might otherwise exist in the open market.

The initial purchasers may conduct these transactions in the over-the-counter market or otherwise but are not required to do so. Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. If the initial purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

Certain Relationships

The initial purchasers and/or their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby.

The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, the initial purchasers and/or their affiliates are or may be lenders, and in some cases agents or managers for the lenders, under credit facilities made to us.

In addition, certain of the initial purchasers and/or their affiliates are lenders under the Bridge Loan. We anticipate applying the net proceeds of this offering to repay in full the outstanding amount under the Bridge Loan Agreement. Therefore, affiliates of the initial purchasers and/or the joint lead managers will receive proceeds of this offering. See "Use of Proceeds."

Selling Restrictions

Brazil

The notes have not been, and will not be, registered with the Brazilian Securities and Exchange Commission of Brazil (*Comissão de Valores Mobiliários*, or the "CVM"). Any representation to the contrary is untruthful and unlawful. Therefore, the offer and sale of the notes will not be carried out by any means that would constitute a public offering in Brazil under Law No. 6,385, of December 7, 1976, as amended, and under CVM Instruction (*Instrução*) No. 400, issued by the CVM on December 29, 2003, as amended; as a consequence, the notes may not be offered and sold in Brazil, nor to any investor who is resident or domiciled in Brazil.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this listing memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable

provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Chile

The offer of the notes is subject to General Rule No. 336 of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*, or the "SVS"). The commencement date of this offering is the one set forth in the cover page of this listing memorandum. The notes will not be registered in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the notes will not be subject to the supervision of the SVS. As unregistered securities, we are not required to deliver or disclose public information about the notes in Chile. The notes cannot and will not be publicly offered in Chile unless they are registered in the Securities Registry (*Registro de Valores*) or Foreign Securities Registry (*Registro de Valores Extranjeros*), both kept by the SVS. If the notes are offered in Chile, they will be offered and sold only pursuant to General Rule 336 of the SVS, an exemption to the registration requirements, or in circumstances that do not constitute a public offer of securities under Chilean law.

La oferta de los valores se acoge a la Norma de Carácter General N°336 de la Superintendencia de Valores y Seguros de Chile (la "SVS"). La fecha de inicio de la presente oferta es la indicada en la portada de este listing memorandum. Los valores no estarán inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que los valores no estarán sujetos a la fiscalización de la SVS. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Estos valores no podrán ser objeto de oferta publica en Chile mientras no sean inscritos en el Registro de Valores o el Registro de Valores Extranjeros que lleva la SVS. Si los valores son ofrecidos dentro de Chile, serán ofrecidos y colocados sólo de acuerdo a la Norma de Carácter General N°336 de la SVS, una excepción a la obligación de inscripción, o en circunstancias que no constituyan una oferta pública de valores en Chile de conformidad a la ley chilena.

Colombia

The notes have not been, and will not be, registered in the National Securities and Issuers Registry (*Registro Nacional de Valores y Emisores*) of Colombia or traded on the Colombia Stock Exchange (*Bolsa de Valores de Colombia*). Therefore, the notes may not be publicly offered or sold in Colombia except in compliance with the applicable Colombian securities regulations.

The listing memorandum is for the sole and exclusive use of the addressee as an offeree in Colombia, and the listing memorandum shall not be interpreted as being addressed to any third party in Colombia or for the use of any third party in Colombia, including any shareholders, administrators or employees of the addressee.

The recipient of the notes acknowledges that certain Colombian laws and regulations (specifically foreign exchange and tax regulations) are applicable to any transaction or investment made in connection with the notes being offered and represents that it is the sole party liable for full compliance with any such laws and regulations.

Ecuador

The offer of the notes has not been and will not be registered as a public offering in Ecuador, either before the Stock Market Registry (*Catastro de Mercado de Valores*) of the Superintendency of Companies, Securities and Insurance of Ecuador (*Superintendencia de Compañías, Valores y Seguros de la República del Ecuador)* or any other governmental or private institution. Consequently the notes may not be sold in Ecuador, since pursuant to the provisions of Securities Law No. 19-00 (LEY No. 19-00 de Mercado de Valores), dated February 22, 2006, and its rules for application, the offer of the notes may not qualify as a private offer in Ecuador. Thus, the offering or sale of notes in Ecuador, through any means, may breach applicable local law in Ecuador.

European Economic Area

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This listing memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. This listing memorandum is not a prospectus for the purposes of the Prospectus Directive.

Hong Kong

This listing memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The notes will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Luxembourg

This listing memorandum has not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier* or the "CSSF"), or a competent authority of another EU Member State for notification to the CSSF, for the purposes of a public offering or sale in Luxembourg. Accordingly, the notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this listing memorandum, the indenture nor any other circular, prospectus, form of application, advertisement or other material related to such offer may be distributed, or otherwise be made available in or from, or published in, Luxembourg except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the "Luxembourg Prospectus Act"), and implementing the Prospectus Directive. Consequently, this listing memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Luxembourg Prospectus Act, (ii) to fewer than 150 prospective investors, which are not qualified investors and/or (iii) in any other circumstance contemplated by the Luxembourg Prospectus Act.

Mexico

The notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission *(Comisión Nacional Bancaria y de Valores* or the "CNBV"), and therefore may not be offered or sold publicly, or otherwise be the subject of brokerage activities in Mexico, except that the notes may be offered pursuant to a private placement exemption set forth under Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). The information contained in the listing memorandum is exclusively the responsibility of the Company and has not been reviewed or authorized by the CNBV. The acquisition of the notes by an investor resident of Mexico will be made under its own responsibility.

Peru

In Peru, this offering will be considered a public offering permitted by the Peruvian Securities Law (*Ley del Mercado de Valores)*, directed exclusively to investors that are "institutional investors." The notes and this listing memorandum have been registered with the SMV in accordance with the procedures set forth in Title III of SMV Resolution No. 021-2013-SMV-01 (as amended), applicable to offerings in reliance on Rule 144A and/or Regulation S under the Securities Act.

Singapore

This listing memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the notes have not been offered or sold nor have any notes been caused to be made the subject of an invitation for subscription or purchase and the notes will not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and neither this listing memorandum nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes, has been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; or (4) as specified in Section 276(7) of the SFA.

Singapore Securities and Futures Act Product Classification

Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), we have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this listing memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or the rules of any other stock exchange or regulated trading facility in Switzerland, and neither this listing memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Taiwan

The notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the notes in Taiwan.

United Kingdom

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

TRANSFER RESTRICTIONS

The notes have not been registered, and will not be registered, under the Securities Act or any state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and

- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Regulation S under the Securities Act.

The terms "United States," "U.S. persons," and "offshore transaction" used in this section have the meanings given to them under Regulation S. The term "qualified institutional buyer" used in this section has the meaning given to it under Rule 144A.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;

(2) it acknowledges that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act; that the notes have not been registered under the Securities Act or with any securities regulatory authority of any U.S. state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a Restricted Global Note and that notes offered outside the United States pursuant to Regulation S will also be represented by a Regulation S Global Note;

(4) it will not offer, pledge, resell or otherwise transfer any of such notes except (a) to the Company or any of its subsidiaries, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States and other jurisdictions;

(5) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;

(6) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture, including with respect to notes sold or transferred pursuant to Rule 144A or Regulation S;

(7) it acknowledges that the trustee, registrar, paying, calculation or transfer agent for the notes may not be required to accept for registration or transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with;

(8) either (a) no portion of the assets used by it to acquire or hold the notes constitutes (i) assets of any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) any plan, individual retirement account or other arrangement that is subject to Section 4975 the Code, or (iii) an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each of (i), (ii) and (iii), a "Plan"), or (iv) a plan or other arrangement that is subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, "Similar Laws"), or (b) the acquisition and holding of the notes by it will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a similar violation under any applicable Similar Law;

(9) if it is a Plan, it shall be deemed to represent, warrant and agree that (i) none of us, each initial purchaser or other persons that provide marketing services, nor any of their affiliates, (x) has provided, and none of them will provide, any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of such purchaser or transferee ("Plan Fiduciary"), has relied as a primary basis in connection with its decision to invest in the notes, and (y) they are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to such purchaser or transferee or the Plan Fiduciary in connection with such purchaser or transferee's acquisition of the notes; and (ii) the purchaser, transferee and any Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes;

(10) it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers; and

(11) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Representations and Restrictions on Resale and Transfer for Peruvian Purchasers

The notes are being offered in Peru only to "institutional investors" (as such term is defined in SMV Resolution No. 021-2013-SMV-01, as amended). Each purchaser of notes in Peru must represent in writing that it is an "institutional investor" (as such term is defined in SMV Resolution No. 021-2013-SMV-01, as amended) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed to comply with the transfer and resale restrictions set forth under SMV Resolution No. 021-2013-SMV-01, as amended.

Legends

The following is the form of restrictive legend which will appear on the face of the Restricted Global Note and which will be used to notify transferees of the foregoing restrictions on transfer. This legend will only be removed with our consent. If we so consent, it will be deemed to be removed.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY

BENEFICIAL INTEREST HEREIN, EXCEPT (A) (I) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

THIS LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON, EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE. THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Shearman & Sterling LLP, our U.S. counsel, and for the initial purchasers by White & Case LLP, U.S. counsel to the initial purchasers.

Certain matters of Peruvian law relating to the notes will be passed upon for us by Miranda & Amado Abogados, our Peruvian counsel and for the initial purchasers by J&A Garrigues Perú S. Civil de R.L., Peruvian counsel to the initial purchasers.

INDEPENDENT AUDITORS

Our audited consolidated financial statements as of December 31, 2018, 2017 and 2016 and for the years then ended included in this listing memorandum have been audited by Paredes, Burga & Asociados, a member firm of Ernst & Young Global, independent auditors, as stated in their report appearing herein.

INDEX TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Page

Audited Consolidated Financial Statements of Alicorp S.A.A. as of December 31, 2018, 2017 and 2016 and for the years ended December 31, 2018, 2017 and 2016

Independent Auditors' Report F-3
Consolidated Statements of Financial Position F-5
Consolidated Statements of Income F-6
Consolidated Statements of Comprehensive Income F-7
Consolidated Statements of Changes in Equity F-8
Consolidated Statements of Cash Flows F-9
Notes to the Audited Consolidated Financial Statements F-10

Alicorp S.A.A. and Subsidiaries

Consolidated financial statements as of December 31, 2018, 2017 and 2016 together with Independent Auditors' report

To the Shareholders and Board of Directors of Alicorp S.A.A.

We have audited the accompanying consolidated financial statements of Alicorp S.A.A. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2018 , 2017 and 2016, and the consolidated statements of income, comprehensive income, changes in net equity and cash flows for the years then ended, and the significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards issued by International Accounting Standards Board, and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing approved for application in Peru by the Board of Peruvian Associations of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves the application of procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Alicorp S.A.A. and Subsidiaries as of December 31, 2018, 2017 and 2016, and their consolidated financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Lima, Peru
March 22, 2019

Countersigned by:

Ricardo Del Aguila
C.P.C.C. Register No. 37948

Alicorp S.A.A. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2018, 2017 and 2016

	Note	2018 S/(000)	2017 S/(000) (Restated, note 4.3)	2016 S/(000) (Restated, note 4.3)
Assets				
Current assets				
Cash and cash equivalents	5	1,037,185	1,043,381	273,483
Other financial assets	12	7,816	182,630	-
Trade receivables, net	6	1,026,443	980,672	970,736
Restricted cash in guarantee for derivative transactions	7	13,985	165	966
Other receivables, net	8	261,173	74,073	75,007
Receivables from related parties	34(b)	-	12	171
Advances to suppliers	8(a)	181,061	45,033	23,203
Derivative financial instruments	24(b)	39,942	13,217	12,571
Income tax assets	22(b)	29,152	13,242	26,705
Inventories, net	9	1,456,952	885,042	779,036
Other non-financial assets	10	13,639	27,127	23,011
		4,067,348	3,264,594	2,184,889
Assets held for sale, net	11	36,638	25,125	39,797
Total current assets		4,103,986	3,289,719	2,224,686
Non-current assets				
Trade receivables, net	6	8,844	29,534	55,126
Other receivables, net	8	77,984	46,946	45,210
Derivative financial instruments	24(b)	15,226	11,459	35,118
Other financial assets	12	386,577	349,644	274,650
Investments accounted using the equity method	13	17,444	15,887	18,898
Income tax assets	22(b)	3,292	6,925	6,083
Property, plant and equipment, net	14	2,537,852	1,865,624	1,946,249
Intangible assets, net	15	786,748	549,882	567,589
Biological assets, net		788	887	932
Deferred income tax assets	22(c)	129,785	97,862	91,536
Goodwill	16	990,700	851,626	867,994
Total non-current assets		4,955,240	3,826,276	3,909,385
Total assets		9,059,226	7,115,995	6,134,071

	Note
Liabilities and net equity	
Current liabilities	
Other financial liabilities	17
Trade payables	18
Other payables	19
Deferred income	
Payables to related parties	34(b)
Employee benefit liabilities	20
Derivative financial instruments	24(b)
Income tax payable	22(b)
Provisions	21(b)
Total current liabilities	
Non-current liabilities	
Other financial liabilities	17
Deferred income	
Employee benefit liabilities	20
Derivative financial instruments	24(b)
Provisions	21(b)
Deferred income tax liabilities	22(c)
Other payables	
Total non-current liabilities	
Total liabilities	
Equity	23
Issued capital	
Investment shares	
Other capital reserves	
Retained earnings	
Other equity reserves	
Equity attributable to equity holders of the parent	
Non-controlling interests	
Total equity	
Total liabilities and equity	

Alicorp S.A.A. and Subsidiaries

Consolidated statements of income

For the years ended December 31, 2018, 2017 and 2016

	Note	2018 S/(000)	2017 S/(000) (Restated, note 4.3)	2016 S/(000) (Restated, note 4.3)
Operating revenues to third parties		8,258,990	6,887,412	6,413,459
Operating revenues to related parties	34(a)	29,712	61,853	62,689
	25	8,288,702	6,949,265	6,476,148
Cost of sales	26	(6,244,012)	(5,042,402)	(4,814,742)
Gross profit		2,044,690	1,906,863	1,661,406
Selling and distribution expenses	27	(681,336)	(633,605)	(597,848)
Administrative expenses	28	(603,139)	(487,579)	(409,166)
Results of operations with commodity derivatives	24(c)	3,268	1,116	(1,246)
Other income and expenses, net	30(a)	22,791	(43,723)	(20,870)
Operating profit		786,274	743,072	632,276
Financial income	31	68,678	55,883	13,883
Financial expenses	32	(211,686)	(153,297)	(159,176)
Net exchange rate difference	39(b)(i)	(11,774)	(5,300)	(20,381)
Share in net profit of associates	13(b)	1,747	(2,985)	1,065
Inflation results	36(b)	45,490	-	-
Profit before income tax		678,729	637,373	467,667
Income tax expense	22(a)	(221,580)	(187,482)	(160,862)
Net income		457,149	449,891	306,805
Net income attributable to:				
Equity holders of the parent		455,028	449,921	307,157
Non-controlling interests		2,121	(30)	(352)
Net income		457,149	449,891	306,805
Earnings per share				
Basic and diluted earnings per common and investment shares (S/)	35	0.53	0.53	0.36

Alicorp S.A.A. and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2018, 2017 and 2016

	Note	2018 S/(000)	2017 S/(000) (Restated, note 4.3)	2016 S/(000) (Restated, note 4.3)
Net income		457,149	449,891	306,805
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net variation on cash flow hedges	24(c)	(4,602)	1,801	(12,997)
Exchange differences on translation of foreign operations and inflation results	4.2(g)	68,936	(57,487)	37,995
Net income of other financial assets		-	75,028	105,199
Other comprehensive income to be reclassified to profit or loss in subsequent periods		64,334	19,342	130,197
Other comprehensive income that will not be reclasiffied to profit or loss in subsequent periods				
Net income of other financial assets	12(c.2)	36,933	-	-
Other comprehensive income that will not be reclasiffied to profit or loss in subsequent periods		36,933	-	-
Income tax related to components of other comprenhensive income				
Cash flow hedges	24(c)	4,759	645	4,559
Results of other financial assets	12(c.2)	(10,895)	(22,123)	(32,461)
Income tax related to components of other comprehensive income		(6,136)	(21,478)	(27,902)
Other comprehensive income net of income tax		95,131	(2,136)	102,295
Total comprehensive income		552,280	447,755	409,100
Comprehensive income attributable to:				
Equity holders of the parent		550,159	447,785	409,452
Non-controlling interests		2,121	(30)	(352)
Total comprehensive income		552,280	447,755	409,100

Alicorp S.A.A. and Subsidiaries

Consolidated statements of changes in net equity

For the years ended December 31, 2018, 2017 and 2016

					Other equity reserves			
	Issued capital S/(000)	Investment shares S/(000)	Other capital reserves S/(000)	Retained earnings S/(000)	Cash flow hedges S/(000)	Exchange differences on translation of foreign operations S/(000)	Other financial assets S/(000)	Sub total S/(000)
Balances as of January 1, 2017 (Restated, note 4.3)	847,192	7,388	169,438	1,314,102	(2,266)	12,313	207,928	217,975
Net income	-	-	-	449,921	-	-	-	-
Other comprehensive income, net of income tax	-	-	-	-	2,446	(57,487)	52,905	(2,136)
Total comprehensive income of the year	-	-	-	449,921	2,446	(57,487)	52,905	(2,136)
Dividends, note 23(e)	-	-	-	(119,641)	-	-	-	-
Share-based payments, note 23(d)	-	-	789	-	-	-	-	-
Balances as of December 31, 2017 (Restated, note 4.3)	847,192	7,388	170,227	1,644,382	180	(45,174)	260,833	215,839
Net income	-	-	-	455,028	-	-	-	-
Other comprehensive income, net of income tax	-	-	-	-	157	68,936	26,038	95,131
Total comprehensive income of the year	-	-	-	455,028	157	68,936	26,038	95,131
Dividends, note 23(e)	-	-	-	(205,099)	-	-	-	-
Share-based payments, note 23(d)	-	-	(1,898)	-	-	-	-	-
Balances as of December 31, 2018	847,192	7,388	168,329	1,894,311	337	23,762	286,871	310,970

Alicorp S.A.A. and Subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2018, 2017 and 2016

	Note	2018 S/(000)	2017 S/(000)	2016 S/(000)
Operating activities				
Collection from customers		8,363,671	6,892,947	6,556,588
Other proceeds related to operating activities		117,751	75,985	88,299
Payments to suppliers		(6,418,754)	(5,143,012)	(4,965,166)
Payments to employees		(748,653)	(685,962)	(595,115)
Income tax paid	22(b)	(306,024)	(164,793)	(77,139)
Net collections for (payments to) derivative transactions		20,849	(1,419)	422
Taxes paid		(131,071)	(34,629)	(46,560)
Other payments related to operating activities		(24,004)	(56,817)	(31,920)
Net cash flows from operating activities		873,765	882,300	929,409
Investing activities				
Sale of property, plant and equipment	30(e)	3,794	3,185	6,706
Dividends received	12(d)	7,168	14,347	4,307
Proceeds from interest and other financial income		45,112	32,292	9,548
Purchase of held-to-maturity investments		-	(184,306)	-
Redemption of financial assets at amortized cost		177,084	-	-
Acquisition of subsidiaries, net of cash acquired	3 y 19(b)	(1,111,838)	-	-
Purchase of property, plant and equipment	14(a)	(222,404)	(83,886)	(123,809)
Purchase of intangible assets	15(a)	(102,169)	(4,586)	(156)
Net cash flows used in investing activities		(1,203,253)	(222,954)	(103,404)
Financing activities				
Proceeds from short-term borrowings		2,374,502	2,525,601	745,388
Proceeds from long-term borrowings		1,756,399	-	338,976
Repayment of short-term borrowings		(2,413,299)	(1,980,502)	(937,883)
Repayment of long-term borrowings		(1,029,846)	(201,000)	(595,692)
Dividends paid	23(e)	(204,950)	(126,862)	(46,206)
Interest paid		(156,455)	(101,696)	(134,727)
Other (payments) collections related to financing activities		(3,620)	722	(34,925)
Net cash flows from (used in) financing activities		322,731	116,263	(665,069)
Net (decrease) increase in cash and cash equivalents		(6,757)	775,609	160,936
Cash and cash equivalents at the beginning of the year		1,043,381	273,483	112,529
Effect of foreign exchange difference on cash and cash equivalents held in foreign currencies		561	(5,711)	18
Cash and cash equivalents at the end of the year		1,037,185	1,043,381	273,483

Notes to the consolidated financial statements

For the years ended December 31, 2018, 2017 and 2016

1. Identification and economic activity

Alicorp S.A.A. (hereinafter "the Company") was incorporated and started operations in Peru in 1956. Its legal domicile, management and administrative offices are located in 4793 Argentina Avenue., Carmen de la Legua-Reynoso, Callao, Peru.

The Company and its Subsidiaries' economic activities include the manufacturing and distribution of oils and edible fats, noodles, flours, cookies, laundry soaps, detergents, sauces, panetons, cereals, instant drinks, aquafeed and personal care products; as well as the distribution of products manufactured by others. Note 2 provides information about the shareholding of the Company and its Subsidiaries and their financial structure.

The revenues of the Company and its Subsidiaries are mainly in their respective local markets, however, they also export their products to other countries, mainly to Ecuador, Chile, Panama, Bolivia, Honduras, Nicaragua, Haiti and Colombia.

The consolidated financial statements for the year ended December 31, 2017 and 2016, before adjustments described in note 4.3, have been approved by the Board of Directors and Shareholders' meeting held on February 23 and March 27, 2018, and February 24 and March 27, 2017, respectively. The accompanying consolidated financial statements for the year ended December 31, 2018, 2017 and 2016 (restated), have been approved by the Company's Management on March 22, 2019 and shall be submitted for the approval of the Board of Directors and the Shareholders' within the term established by law.

During 2018, the Company acquired several companies, the most important of which are "Industrias de Aceite S.A." and "Sociedad Aceitera del Oriente S.R.L.", both located in Bolivia dedicated to the manufacturing and distribution of edible oils, vegetable shortening, soybean and sunflower bean oils, among others, see note 3. As a result, these acquisitions the Company incorporated the segment of "crushing" to its commercial operations, see note 36.

Likewise, on January 31, 2019, the Company acquired Intradevco Group, see note 40.

2. **Information on the structure of the Company and its Subsidiaries**

As of December 31, 2018 and 2017, the consolidated financial statements comprise the following subsidiaries (figures from their individual financial statements are presented in accordance with I purposes):

Country of incorporation	Entity	Main activity	Percentage of share (direct and indirect)		Assets		Liabilities	
			2018 %	2017 %	2018 S/(000)	2017 S/(000)	2018 S/(000)	2017 S/(000)
Operational -								
Argentina	Alicorp Argentina S.C.A.(a)	Manufacturing and trading of personal and home care products.	100.00	100.00	293,332	240,738	186,652	227,404
Argentina	Alicorp San Juan S.A.(a)	Manufacturing and trading of personal and home care products.	-	100.00	-	1,860	-	3,540
Argentina	Pastas Especiales S.A.	Manufacturing and trading of food products.	100.00	100.00	1,925	2,204	226	1,991
Argentina	Sanford S.A.C.I.F.I y A.	Manufacturing and trading of food products.	100.00	100.00	14,084	18,322	10,938	10,773
Bolivia	Alicorp Group Inversiones Bolivia S.A. (e)	Administrative services	100.00	-	18,410	-	18,396	-
Bolivia	Industrias de Aceite S.A. (c)	Manufacturing and trading of edible oils, vegetable shortening, soy and sunflower bean oils, among others	100.00	-	907,198	-	415,088	-
Bolivia	Sociedad Aceitera del Oriente S.R.L.(f)	Manufacturing and trading of edible oils, vegetable shortening, soy and sunflower bean oils, among others	100.00	-	359,636	-	75,448	-
Brazil	Pastificio Santa Amalia S.A.	Manufacturing and trading of food products and others	100.00	100.00	303,983	339,578	225,675	252,801
Chile	Vitapro Chile S.A.	Manufacturing and trading of animal feed products	100.00	100.00	530,282	442,964	174,094	153,013
Colombia	Alicorp Colombia S.A.	Trading and distribution of food products.	100.00	100.00	6,164	4,414	10,319	7,394
Ecuador	Alicorp Ecuador S.A.	Trading of food products.	100.00	100.00	65,281	56,696	17,906	10,556
Ecuador	Inbalnor S.A.	Manufacturing of animal nutrition products	75.00	75.00	349,134	262,274	223,203	162,891
Ecuador	Vitapro Ecuador Cia. Ltda.	Trading of animal feed products	100.00	100.00	269,357	267,199	182,245	187,176
Honduras	Alicorp Honduras S.A.	Distribution of animal feed products	100.00	100.00	16,410	12,575	7,735	6,266
Peru	Global Alimentos S.A.C.	Manufacturing and trading of food products.	100.00	100.00	83,036	83,714	20,706	30,583
Peru	Industrias Teal S.A.	Grain milling and manufacturing of food products.	99.26	99.26	367,076	344,274	79,129	70,298
Peru	Masterbread S.A.	Manufacturing and trading of bakery products.	75.00	75.00	34,733	49,172	69,293	69,867
Peru	Prooriente S.A.	Trading of food products.	100.00	100.00	13,622	11,124	7,009	3,599
Perú	R. Trading S.A. (c)	Trading of raw materials	100.00	-	206,409	-	152,760	-
Peru	Vitapro S.A.	Manufacturing and trading of animal nutrition products	100.00	100.00	592,379	422,887	306,863	212,818
Uruguay	Alicorp Uruguay S.R.L.	Trading of raw materials	100.00	100.00	781,118	654,434	742,704	613,039

Country of incorporation	Entity	Main activity	Percentage of share (direct and indirect)		Assets		Liabilities		Equity	
			2018	2017	2018	2017	2018	2017	2018	20
			%	%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(
Uruguay	Colcun S.A. (c)	Trade of raw materials	100.00	-	35,169	-	8,098	-	27,071	
Honduras	Vitapro Honduras S.A. de C.F.	Manufacturing and trading of aquaculture products	100.00	100.00	22,820	38,330	667	40,438	22,153	(2,1
México	Nicovita México S.A. de C.V. (d)	Trading of aquaculture products	100.00	-	2,716	-	5	-	2,711	
Holdings:										
Argentina	TVBC S.C.A.		100.00	100.00	199	373	11	271	188	1
Bolivia	Holdco Bolivia Inversiones S.A. (b)		100.00	-	902,962	-	441,016	-	461,946	
Spain	Alicorp Holdco España S.L.		100.00	100.00	1,210,273	956,329	161,236	395	1,049,037	955,9
Spain	Global Cassini S.L. (c)		100.00	-	686	-	554	-	132	
British Virgin Islands	Downford Corporation		100.00	100.00	591	567	1,040	992	(449)	(4
Perú	Cernical Group S.A. (g)		100.00	100.00	387,907	363,747	74,476	83,297	313,431	280,4
Perú	Alicorp Inversiones S.A.		100.00	100.00	1,693,370	825,232	11,974	2,716	1,681,396	822,5
Inoperative:										
Argentina	Ítalo Manera S.A. (a)		100.00	100.00	-	32,277	-	26,179	-	6,0
Argentina	Sulfargen S.A.		100.00	100.00	150	108	99	185	51	
Ecuador	Agassycorp S.A.		100.00	100.00	154	159	20	19	134	1
Colombia	ADM- SAO S.A. Sucursal Colombia en Liquidación (f)		100.00	-	1,455	-	142	-	1,313	
Chile	Cetecsal S.A.		100.00	100.00	5,186	5,847	250	275	4,936	5,5
Perú	ADM – SAO Perú S.A. em Liquidación (f)		100.00	-	11,534	-	-	-	11,534	
Perú	Consorcio Distribuidor Iquitos S.A. (h)		100.00	100.00	22,820	25,235	667	135	22,153	25,1

(a) On January 1, 2018, the subsidiaries Italo Manera S.A. and Alicorp San Juan were merged with Alicorp Argentina S.C.A which absorbed the total equity of both subsidiaries.

(b) On March 7, 2018, the Company and its Subsidiaries, Alicorp Inversiones S.A. and Alicorp Holdco España S.L., acquired the subsidiary Holdco Bolivia Inversiones S.A. whose main activity is

(c) On May 17, 2018, the Company acquired 100% of the voting shares of Industrias de Aceite S.A., Global Cassini S.L. and its subsidiaries R. Trading S.A. and Colcun S.A., respectively, see not

(d) On July 18, 2018, the Company and its subsidiary, Alicorp Inversiones S.A., constituted Nicovita Mexico S.A. de C.V., which will have as its main activity the trading of aquaculture products subsidiary has not started its commercial operations.

(e) On July 23, 2018, the Company and its subsidiaries, Alicorp Inversiones S.A. and Alicorp Holdco España S.L., acquired Alicorp Group Inversiones Bolivia S.A., whose main activity is to provi subsidiaries located in Bolivia.

(f) On July 24, 2018, the Company acquired 100% of the voting shares of Sociedad Aceitera del Oriente S.R.L. and other minor companies, see note 3.

(g) On October 17, 2017, this subsidiary changed its fiscal domicile from Panama to Peru.

(h) As to December 31, 2018 and 2017, the subsidiary maintains assets related mainly to tax refunds and tax claims for approximately S/21,293,000 and S/23,713,000, respectively, see note

3. Business combinations

Business combinations of the year 2018 were accounted for using the acquisition method according to paragraph 4 of IFRS 3 "Business combinations" see note 4.2(b). During the years 2017 and 2016, there were no acquisitions. Assets and liabilities were measured at acquisition date fair value, including identified intangible assets not recorded in the financial statements of each entity. Those fair values were determined by Management and its external advisors.

Acquisition of Industrias de Aceite S.A., Sociedad Aceitera del Oriente S.R.L and other minor companies

On May 17, 2018, the Company through its subsidiaries Holdco Bolivia Inversiones S.A., Alicorp Holdco España S.L. and Alicorp Inversiones S.A. acquired 100% of the voting shares of Industrias de Aceite S.A., Global Cassini S.L. and its subsidiaries R. Trading S.A. and Colcun S.A., respectively. At the same date and as part of the transaction, the Company signed a contract of transfer relating to the contractual possesion contract that the shareholders of Industrias de Aceite S.A. have (henceforth IASA) for the acquisition of Sociedad Aceitera del Oriente S.R.L (henceforth SAO) signed on December 11, 2017.

Due to the fact that IASA is a related company and following the governance corporate procedures, Alicorp hired external consultants in order to provide an independent opinion on the value of future cashflows (see valuation in www.smv.gob.pe) of the business units of crushing and consumer products of IASA and SAO, and enable Management to evaluate the acquisition.

Industrias de Aceite S.A., domiciled in Bolivia, is a company listed in the Bolivia stock exchange, whose main activity is the manufacturing and trading of edible oils, butters, soybean meal and sunflowers, among others. Its subsidiary, R. Trading S.A., is a company domiciled in Peru whose main activity is the trading of soy. Both companies belonged to the economic group of the Company so they were related companies.

Global Cassini S.L. is a holding company domiciled in Spain, whose only subsidiary, Colcun S.A., is a company domiciled in Uruguay and dedicated to the trading of raw materials.

SAO is domiciled in Bolivia and its main activity is the manufacturing and trading of edible oils, soy bean meal and sunflower, among others. This purchase transaction was subject to legal and regulatory approvals in Bolivia, which were resolved on July 24, 2018, date in which the Company, through it subsidiary Alicorp Inversiones S.A., acquired 100% of the voting shares of SAO.

Both acquisitions were considered as a whole due to the fact that IASA had a contract for the acquisition of SAO, with an agreed fixed price and without possibility to rescind, therefore, the combined crushing and consumer products business units were valued and the merger of the entities was reconsidered for its management, which was approved on January 15, 2019. The price paid for the acquisition of these companies amounted to US$388,325,000 (equivalent to S/1,271,487,000). The cash generating units identified in these acquisitions were "consumer products" and "crushing", whereby the Company incorporated this last segment in its commercial operations.

For the purpose of the consolidated financial statements as of December 31, 2018, as allowed by IFRS 3, Management of the Company estimated a provisional assessment of the fair value of the assets and liabilities of these cash generating units as of the date of the transaction. The final valuation will be completed during the first quarter of the year 2019.

The provisional fair values determined by the Company as of the date of the acquisition were:

	Book values S/(000)	Fair value adjustments S/(000)	Fair value of the entities acquired S/(000)
Assets			
Cash and cash equivalents	170,858	-	170,858
Assets held for sale, net, note 11(b)	14,000	-	14,000
Accounts receivable	196,779	-	196,779
Inventories	541,436	22,972	564,408
Other assets	303,194	16,385	319,579
Intangibles, note 15	2,375	171,565	173,940
Property, plant and equipment, note 14(e)	276,191	332,795	608,986
Deferred income tax asset	76	8,577	8,653
Liabilities			
Financial liabilities	384,025	(11,863)	372,162
Account payable	305,706	-	305,706
Other liabilities	87,847	40,858	128,705
Deferred income tax liability	-	138,895	138,895
Total identified net assets	727,331	384,404	1,111,735
Goodwill arising on acquisition, note 16			159,752
Purchase consideration transferred			1,271,487

The initial preliminary goodwill of S/159,752,000, adjusted by the traslation effect as of December 31, 2018, amounting to S/164,833,000, was allocated to the business units of "consumer products" and "crushing" for S/94,958,000 and S/69,875,000, respectively. Such distribution was determined based on the value of the disaggregated business unit published at the date of the acquisition of SAO, which corresponds to the value of the cash generating unit of each unit, evaluated independently. The goodwill comprises the fair value of expected synergies arising from acquisition and is not expected to be deductible for income tax purposes. The fair values of the identifiable intangibles as of the date of acquisition were:

	Useful lifes	S/(000)
Trademarks	Indefinite	35,694
Commercial relationships with strategic partners	10 years	10,804
Commercial relationships with customers	10 years	125,067
Total		171,565

The fair values of identifiable intangible assets as of the acquisition dates were determined using the income approach, based on the present value of the profits attributable to the asset or costs avoided as a result of owning the asset. Under this approach, the fair value of the asset is determined by the discounted future cash flows and the discount rate applied corresponds to the rate of return that considers the relative risk of obtaining the cash flows and the time value of money. Capitalization and discounted future cash flows are commonly used to estimate the value of these assets.

The following methods based on the income approach were used by the Company's Management to estimate the fair values of identifiable intangible assets as of the acquisition dates according to IFRS 3:

- For the trademarks the "Relief from Royalty" method was applied, which estimates the cash flows saved from owning the brand or relief from royalties that would be paid to the brand owner.

- For the customer and partner relationship valuation, the "Income Approach: Excess Earnings Method" was applied, which estimates the present value of cash flows derived from an intangible asset during its useful life after deducting the cash flows that can be attributed to the rest of existing operational tangible and intangible assets.

In Management's opinion, these methods are generally accepted for valuation of identifiable intangible assets in business combinations.

Impact of acquisitions in consolidated statement of income of the Company and its Subsidiaries in 2018 -

The consolidated profit in 2018, includes S/27,317,000 of net loss generated by the operations of the companies acquired from the date of consolidation, which is the date of acquisition. The consolidated operating revenues for the year include S/696,010,000 generated by Industrias de Aceite S.A. and subsidiary, S/156,333,000 for Global Cassini S.L. and its subsidiary and S/126,821,000 for Sociedad Aceitera del Oriente S.R.L.

If these acquisitions had been effective since January 1, 2018, the consolidated operating revenues and net income of the Company and its Subsidiaries derived from continuing operations would have been increased by approximately S/589,391,000 and decreased by approximately S/14,233,000, respectively, in addition to the amounts already recorded.

4. Significant accounting principles and policies

4.1 Basis of preparation and presentation

The information contained in these consolidated financial statements is the responsibility of the Company and its Subsidiaries Managements, that unless otherwise stated, manifest expressly that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and which were effective as of December 31, 2018, 2017 and 2016, respectively.

The consolidated financial statements have been prepared on a historical cost basis, except for (i) derivative financial instruments and investments at fair value through profit or loss and OCI presented in the caption "Other financial assets"; which have been measured at fair value and (ii) the balances of subsidiaries in Argentina which were adjusted for inflation. The consolidated financial statements are presented in soles and all values are rounded to thousands of soles, except when otherwise indicated.

Note 4.3 presents the effects of the application of IFRS 9 and IFRS 15 that were adopted by the Company and its Subsidiaries since January 1, 2018, in the consolidated statement of financial position as of December 31, 2017 and 2016, in order to provide comparative information in respect of the previous period. Due to the fact that the significant effects correspond mainly to the presentation of the consolidated statement of income and do not have significant effects in the consolidated statement of financial position, no consolidated statement of financial position as of December 1, 2016 has been presented.

4.2 Significant accounting principles and policies

(a) Bases of consolidation -

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries for all the years presented. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect significantly its returns.

Generally, there is a presumption that a majority of voting rights of an investee result in control. The Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements.
- The investor voting rights, potential voting rights or a combination of both.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. The consolidated financial statements include assets, liabilities, income and expenses of the Company and its Subsidiaries.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members consolidated by the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recognized at fair value.

(b) Business combinations and goodwill -
Acquisitions are accounted for using the acquisition method, in accordance with IFRS 3, "Business combinations". Assets and liabilities were accounted by their estimated market values at the date of acquisition, including identifiable intangible assets not accounted in the statements of financial position of each acquired entity. The incurred acquisition costs are accounted as expenses and are included in the caption "Administrative expenses" of the consolidated statements of income.

When the Company and/or its Subsidiaries acquire a business, they assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Goodwill is measured on initial recognition at cost and corresponds to excess of the consideration transferred plus the measured amount as non-controlling interest, over the fair value of acquired assets and assumed liabilities. If this consideration results in less than fair value of net assets of acquired entity, the resulting gain is accounted in profit or loss for the year.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 "Financial Instruments", is measured at fair value with changes in the consolidated statements of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company and its Subsidiaries' cash-generating units that are expected to benefit from the combination.

When goodwill has been allocated to a cash-generating unit and part of the operation is disposed within that unit, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss in said disposition. The goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the retained cash generating unit.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company and its subsidiaries shall report in its financial statement provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company and its subsidiaries shall retrospectively adjust the provisional amounts recognized at the acquisition date ro reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recorgnised as of that date. During the measurement period the Company and its Subsidiaries shall also recognize additional assets or liabilities if new information is obtained about fact and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and libilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

(c) Investments accounted using the equity method, see note 13 –
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made to determining significant influence are similar to those necessary to determine control over Subsidiaries.

The Company and its Subsidiaries' investments are accounted for using the equity method. In accordance with this method, investments in associates are recognized initially at cost, including any adjustment in order to carry on net assets to their fair values and recognize any goodwill derived from acquisition.

Thereafter, their book value is adjusted to recognize changes in the Company and its Subsidiaries' shares of net assets of associates and these changes are accounted in caption "Share of profit of associates" in consolidated statements of income. The changes in equity accounts are recognized directly in the Company and its Subsidiaries' equity adjusting the investments' book value. When their share in the investments exceeds the investment amount, the Company and its Subsidiaries do not recognize these losses unless there is an obligation to assume them.

After application of the equity method, the Company and its Subsidiaries determine whether it is necessary to recognise an impairment loss on its investment in the associate. At each reporting date, the Company and its Subsidiaries determine whether there is objective evidence that the investment in its associates is impaired. If there is such evidence, the Company and its Subsidiaries calculate the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognize the loss as "Share of profit of the associates" in the consolidated statement of income.

Upon loss of significant influence over an associate, the Company and its Subsidiaries measure and recognize any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and the proceeds from disposal is recognized in the consolidated statement of income.

(d) Financial Instruments: Initial recognition and subsequent measurement –
A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Until December 31, 2017, the Company and its Subsidiaries classified their financial instruments in the following categories defined by IAS 39: (i) financial assets and financial liabilities at fair value through profit or loss; (ii) loans and receivables; (iii) available-for-sale financial investments; (iv) held-to-maturity financial investments and (v) financial liabilities at amortized cost.

The more relevant aspects about categories which apply for the Company and its Subsidiaries were:

(i) Financial assets and liabilities at fair value through profit or loss -
Financial assets and liabilities at fair value through profit or loss include financial assets held for trading and financial assets designated at fair value through profit or loss, which designation is upon initial recognition and in an instrument by instrument basis. Derivative financial instruments are also categorized as held for trading unless they are designated as hedging instruments.

The Company and its subsidiaries only keep trading derivatives in this category, which are recognized under the caption "Derivative financial instruments" in the consolidated statements of financial position. Changes in fair value are recognized in the consolidated statements of income under the caption "Result of operations with commodity derivatives".

Earned or inccurred interest is accrued in the consolidated statements of income under the caption "Finance income" or "Finance costs", respectively, in accordance with the agreement terms.

(ii) Loans and receivables-

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for which the entity does not have the purpose to sell them immediately or in the near future, and which do not have risks of recoverability distinct to impairment.

The Company and their Subsidiaries hold in this category: cash and cash equivalents, restricted cash in guarantee for derivative transactions, trade and other receivables, receivables from related parties and other assets, which are measured by the value of the transaction, net of their allowance for impairment of receivables when applicable.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment. Losses from impairment are recognized in the consolidated statements of income.

(iii) Available-for-sale investments -

Available-for-sale investments correspond to equity investments which are neither classified as held for trading nor designated at fair value through profit or loss and are presented in tha caption "Other financial assets" in the consolidated statements of financial position.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve, net of its corresponding deferred income tax and non-controlling interest. When investments are sold the cumulative gain or loss is recognized in the consolidated statements of income, or when they are determined to be impaired, at which time the impaired amount is recognized in the consolidated statements of income and removed from consolidated statements of other comprehensive income.

(iv) Held-to-maturity financial investments -

Held-to-maturity financial investments are non–derivative financial assets with fixed or determinable payments and fixed maturities, which the Company and its Subsidiaries have the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortized cost using the effective interest rate less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the caption "Finance income" of the consolidated statements of income. The losses arising from impairment of such investments are recognized in the consolidated statements of income.

As of December 31, 2017, the Company and its Subsidiaries held in this category, deposits with financial entities with maturity of more than three months since the date of acquisition.

If the Company and its Subsidiaries sell or reclassify a not insignificant amount of held-to-maturity investments before maturity (except in certain specific circumstances), the entire category would be affected and would have to be reclassified as available-for-sale investments. Furthermore, the Company and its Subsidiaries would be prohibited from classifying any financial asset as held-to-maturity during the following two (2) years.

(v) Financial liabilities at amortized cost -
Financial liabilities are recognized when the Company and its Subsidiaries are part of the contractual agreements of the instrument. Initially, financial liabilities are recognized at fair value. If financial liabilities are measured at amortized cost, it includes directly attributable transaction costs.

Financial liabilities include trade payables, other payables, payables to related parties, debts and interest-bearing loans and issued bonds.

After initial measurement financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost includes any issuance discount or premium and costs that are an integral part of the effective interest rate.

As indicated in note 4.3, the Company and its Subsidiaries adopted IFRS 9 for its financial instruments: recognition, measurement, impairment prospectively as of January 1, 2018. For the hedge accounting, the requirements were applied prospectively with the exception of the time value of the options, which the Company applied retrospectively when the instrinsic value of the option was designated as hedge instrument.

The main criteria of IFRS 9 are described below:

(i) Financial assets -
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The Company and its Subsidiaries financial assets includes cash and cash equivalents, restricted cash in guarantee for derivative transactions, trade accounts receivables, other accounts receivables, receivables from related parties, financial assets at fair value through profit or loss and financial assets at fair value through OCI.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The classification depends of the business model of the Company and its subsidiaries and the characteristics of the cash flows of the instruments.

Financial assets at amortized cost (debt instruments)
The Company and its Subsidiaries measure financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. These assets give rise to interest income before its maturity or disposal. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets are not reclassified after their initial recognition, except if the Company and its Subsidiaries change their business model for management.

This category includes cash and cash equivalents, restricted cash in guarantee for derivative transactions, trade receivables, other receivables and receivables from related parties.

Financial assets at fair value through other comprehensive income (debt instruments)
The Company and its Subsidiaries measure debt instruments at fair value through other comprehensive income if the following two conditions are met:

- The business model for the management of financial assets aims to collect the contractual cash flows and obtain results for their sales management based on market conditions; and

- The contractual terms of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest on the outstanding principal amount.

The Company and its Subsidiaries do not have debt instruments classified in this category.

Equity instruments - shares
The equity instruments (shares) held for trading are designated at fair value through profit or loss. For other equity instruments upon initial recognition, the Company and its Subsidiaries can elect to classify irrevocably its equity investments (shares) as equity instruments designated at fair value through Other comprehensive income (henceforth OCI) or at fair value through profit or loss. The classification is determined on an instrument-by- instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company and its Subsidiaries benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company and its Subsidiaries elected to classify irrevocably all their equity investments (share) under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include: financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. If they correspond to derivatives that are not designated as effective hedging instruments, and those financial assets with cash flows that are not only payments of principal and interest, regardless of the business model.

Financial assets at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value and the net changes in such fair value are presented as finance cost (negative net changes in the fair value) or finance income (positive net changes) recognized in the consolidated statement of income.

This category includes derivative instruments held for trading that are presented under the caption "Derivative financial instruments" of the consolidated statement of financial position. The changes in fair value are recognized in the consolidated statement of income under the caption "Results of operations with commodity derivatives".

Derecognition of financial assets and liabilities -
Financial assets:

A financial asset (or, where applicable, part of a financial asset or a group of similar financial assets) is written off when:

(I) the rights to receive cash flows generated by the asset have expired or

(ii) the contractual rights to the cash flows generated by the asset have been transferred or an obligation has been assumed to pay a third party all of those cash flows without significant delay, through a transfer agreement (pass-through arrangement) and (a) have transferred substantially all risks and rewards of the asset; or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control over it.

The Company and its Subsidiaries continue to recognize the asset when they have transferred their rights to receive cash flows generated by the asset or have concluded an agreement on mediation, but have neither transferred nor retained substantially all the risks and rewards of the asset, or have transferred control over it. In this case, the Company and its Subsidiaries recognize the transferred asset based on its continuing involvement in the asset and also recognize the related liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained by the Company and its Subsidiaries.

Impairment of financial assets
The Company and its Subsidiaries recognize an allowance for expected credit losses (henceforth ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company and its Subsidiaries expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Company and its Subsidiaries apply a simplified approach in calculating ECLs. Therefore, the Company and its Subsidiaries do not track changes in credit risk, but instead recognize loss allowances based on lifetime ECLs at each reporting date. The Company and its Subsidiaries have established a provision matrix that is based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) *Financial liabilities -*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, accounts payable to related parties, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term; any gain or loss related with these liabilities is recorded on profit or loss. This category also includes derivative financial instruments entered into by the Company and its Subsidiaries that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expense in the consolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings, see note 17.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

(iii) Offsetting of financial instruments, see note 39(b)(v)
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments and hedge accounting, see note 24 -
The Company and its Subsidiaries use derivative instruments to manage their exposure to changes in prices of raw materials, interest rates and exchange rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The hedge accounting applied by the Company and its Subsidiaries is classified as follows:

- Fair value hedges, when manage their exposure to changes in the fail value of assets and liabilities recorded or unrecognized firm commitment;
- Cash flow hedges, when manage their exposure to changes in the cash flows of a recorded asset or liability or highly probable forecast transation, or foreign exchange risk in an unrecognized firm commitment.

At the beginning of the hedging relationship, the Company and its Subsidiaries formally document the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to evaluate the effectiveness of the hedging relationship.

Until December 31, 2016, the documentation included the identification of the hedging instrument, the hedged item or transaction, the nature of the hedge risk and how the Company and its Subsidiaries evaluate the hedge effectiveness on the fair value changes of the hedging instrument or the cash flows changes attributable to the hedge risk.

The Company and its Subsidiaries expect that hedging instruments be highly effective in offsetting the fair value and cash flows changes, which are assessed permanently to determine if they are highly effective through the periods which are designated.

Beginning January 1, 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company and its Subsidiaries will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company and its Subsidiaries actually hedges and the quantity of the hedging instrument that the Company and its Subsidiaries actually uses to hedge that quantity of hedged item.

Economic hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in the cash flow hedge reserve in the consolidated statement of other comprehensive income, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss.

The Company and its Subsidiaries uses cash flow hedges for their exposure to foreign currency risk, interest rate and commodity prices to reduce their exposure to volatility in their prices.

Until December 31, 2016, any gain or loss arising from changes in the fair value of the derivatives was recorded directly to profit or loss, except for the effective portion of the cash flow hedges, which was recognized in OCI and then transferred to the hedged item when it affected results (exchange rate and interest rate) or the cost of the inventories when they were entered into the assets of the Company. The ineffective portion and the time value of the operations, related to the exchange rate and interest rate contracts, were recognized as financial expense; and those related to the commodity contracts were recognized in the operating result under the caption "Results of operations with commodity derivatives".

As of January 1, 2018, the initial time value of the options and similar instruments (cost of hedge) at the date of contracting the derivative is recorded at the time of its settlement as the highest value of the inventories with which it, is related, affecting the item "Inventories, net" of the consolidated statement of financial position, because it is related to a transaction that results in the recognition of a non-financial asset. When the related inventory is sold, this higher cost is recognized as part of the cost of sales. Subsequent changes in the time value of the options at the date of each consolidated statement of financial position are recorded in the consolidated statement of comprehensive income without affecting the results of the period.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If the cash flow hedge is discontinued, the accumulated amount in OCI should remain in other comprehensive income accumulated if the hedged cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to income for the year as a reclassification adjustment. After discontinuation, once the cash flows are covered, any amount that remains in other comprehensive accumulated results must be recorded taking into account the nature of the underlying transaction.

Fair value hedges
The changes in the fair value of the hedged instrument are recorded in the consolidated statement of profit or loss as expenses. The change on the fair value of the hedged item attributable to the hedge risk is recorded as part of the carrying amount of the hedged item and also is recorded in the consolidated statement of comprehensive income as other expenses.

Fair value hedges relate, in full, with inventories of raw materials. The initial time value (hedge cost) at the contract date, is lineally amortized through the contract term affecting profit or loss of each corresponding period due to the hedge item is related with a time frame. Subsequent changes in such values as of the date of each consolidated statement of financial position are recorded in the consolidated statement of comprehensive income without affecting profit or loss.

Additionally, and according to international practice, the Company, through its subsidiary Alicorp Uruguay S.R.L., through which it purchases commodities enters into fixed price transaccions, establishing fixed prices and future price changes with reference to market data. Because these contracts are held and maintained for the purpose of obtaining commodities for normal consumption in the production process, in accordance with IFRS 9, these transactions do not qualify as derivative financial instruments.

Trading

The Company and its Subsidiaries negotiate derivative financial instruments with the expectation of benefit from favorable movements in the prices of the raw materials ("commodities") that they use in their production process. In addition, part of the derivative transactions that provide effective economic hedges under the risk management positions of the Company and its Subsidiaries, do not qualify as hedges according to the specific rules of the IFRS and, therefore, are treated as derivatives for trading.

Derivative financial instruments are recognized in the consolidated statement of financial position at their fair value. Reasonable values are obtained based on prices, exchange rates and market interest rates. All derivatives are considered as assets when the fair value is positive and as liabilities when the fair value is negative. Gains and losses from changes in fair value are recorded in the consolidated statement of income.

(e) Foreign currency transactions -

Functional and presentation currency -

The functional currency of the Company is the Sol, because it corresponds to the currency of its primary economic environment and is the one used in the development of its operations. For each Subsidiary, Management evaluated and determined the functional currency, concluding that in most cases they correspond to the currencies of the countries where each Subsidiary operates.

The accompanying consolidated financial statements have been prepared to show the joint activity of the Company and its Subsidiaries, and that is the reason why the Sol has been established as the presentation currency, which is the functional currency of the Company. Consequently, the balances of the financial statements of Subsidiaries operating in countries with a functional currency other than the Sol, have been converted to this currency in accordance with the methodology set out in IAS 21 "Effects of changes in rates change in foreign currency", as follows:

Non hyperinflationary economies -

(i) Assets and liabilities have been translated based on the closing exchange rate at the date of each consolidated statements of financial position presented. The translation differences from the opening balances of the reporting currency at a different exchange rate as of the consolidated statement of financial position date are presented as a movement in each of the corresponding captions.

(ii) Income and expense items have been translated at the average exchange rate for each month of the year; these rates are approximate to the exchange rates at the dates of the transactions.

(iii) The exchange difference arising from the translation has been recognized in the consolidated statements of other comprehensive income in "Exchange differences on translation of foreign operations and inflation results".

Hyperinflationary economies -
Since July 1, 2018 Argentina is considered a hyperinflationary economy and hence, as a result, Argentinean Subsidiaries have restated their financial statements in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies' before their translation to the presentation currency. However, considering that the Company and its Subsidiaries presentation currency is that of a non-hyperinflationary economy, as established by IAS 21 comparative consolidated amounts for the previous years are the same amounts in U.S. Dollars without adjustments for subsequent changes in the price level. The differences in the previous year's balances due to the application of IAS 29 in the local financial statements have been recognized under the caption "Exchange differences on translation of foreign operations and inflation results" in OCI.

In accordance with IAS 21, for hyperinflationary economies, the translation to the presentation currency is realized using the closing rate at the date of the most recent statement of financial position for all the assets, liabilities, equity items, income and expenses line items.

Transactions and balances in foreign currency -
Foreign currency transactions are those performed in a currency other than the functional currency of the entity and are initially recorded at the exchange rates of their respective functional currencies at the date the transaction first qualifies for recognition.

Subsequently, monetary assets and liabilities denominated in foreign currencies are adjusted at the functional currency exchange rate ruling at the reporting date. Differences between the closing rate at the date of each consolidated statements of financial position presented and the exchange rate initially used to record the transactions are recognized in the consolidated statements of income in the period in which they arise, in the caption "Net exchange differences".

Non-monetary assets and liabilities in foreign currencies are translated at the exchange rate at the dates of the initial transactions and are not subsequently adjusted.

As required by IAS 21, the exchange differences resulting from transactions between related parties eliminated in consolidation and not included as part of the net investment in a foreign operation are recorded in profit or loss in the consolidated financial statements.

(f) Non-current assets held for sale or distribution to owners and discontinued operations, see note 11 -
The Company and its Subsidiaries classify non-current assets and groups of assets for disposal as held for sale or distribution to owners if their carrying amount will be recovered principally through a sale transaction or distribution, rather than through continuing use. Such assets are measured at the lower of its carrying amount or fair value less costs of sale or distribution. Costs of sales or distribution are directly attributable to the sale or distribution incremental cost, excluding finance costs and income tax expense.

(g) Classification of items as current and non-current -
The Company and its Subsidiaries have assets and liabilities in the consolidated statements of financial position classified as current and non-current. An asset is classified as current when the entity:

- Expects to realize or intends to sell or consume it in normal operating cycle
- Holds primarily for the purpose of trading
- Expects to realize it within twelve months after the reporting period, or
- The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when the entity:

- Expects to settle the liability in its normal operating cycle;
- Holds the liability primarily for trading purposes;
- The liability should be settled within twelve months from the closing date of the reporting period is reported; or
- Does not have an unconditional right to defer liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Assets and liabilities for deferred taxes are classified as non-current assets and liabilities in all cases.

(h) Fair value of financial instruments, see note 39(b)(viii) -
The Company and its Subsidiaries measure their derivative financial instruments and available-for-sale investments at fair value at each reporting date of the consolidated statements of financial position. Also, the fair value of financial instruments measured at amortized cost is disclosed in note 39(b)(viii).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company and its Subsidiaries.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company and its Subsidiaries use valuation techniques that are appropriate in the circumstances and for which they have sufficient information available to measure fair value, maximizing the use of relevant observable inputs and minimize the use of unobservable inputs valuation techniques.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company and its Subsidiaries determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Management determines the policies and procedures for recurring and non-recurring fair value measurement. At each reporting date, Management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies of the Company and its Subsidiaries.

For fair value disclosure purposes, the Company and its Subsidiaries have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained before.

(i) Cash and cash equivalents, see note 5 –
For purposes of the consolidated statements of cash flows, cash and cash equivalents correspond to cash, current accounts, deposits with maturity of less than three months since the date of acquisition and mutual funds that are low risk and highly liquid, all recorded in the consolidated statements of financial position. These accounts are not subject to significant risk of changes in value.

(j) Inventories, see note 9 -

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are stated as follows:

Finished products and products in process -

They are recorded at the cost of production, which includes the cost of raw materials, direct labor costs, other direct costs and a proportion of fixed and variable manufacturing costs based on a normal operating capacity; excluding financing costs. Therefore, the monthly weighted average cost method is applied.

The normal capacity is defined as the level of utilization of capacity that meets the average demand of the Company and its Subsidiaries over a period including seasonal factors, cycles and trends.

Raw materials and supplies -

They are recorded at acquisition cost, following the method of monthly weighted average cost. Costs of inventories include gains and losses on hedging with derivatives relating to such products.

The allowance for impairment is determined according to an analysis performed on the conditions and inventories' rotation. The estimate is recognized through the consolidated statements of income.

(k) Other non-financial assets, see note 10 -

The criteria adopted to record these items are:

- Prepaid rental is recorded as assets and are recognized as expense on an accrual basis through the rental period.

- Insurance is recognized at the value of the premium paid for the insurance of different assets and risks and are amortized on a straight-line basis over the term of the policies.
- The advance payments for advertising and other services are recorded as an asset and are recognized as expense when the service is received.

(l) Property, plant and equipment, see note 14 -

"Property, plant and equipment" is presented at their acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The initial cost of an asset includes the purchase price, import duties and non-refundable purchase taxes and any necessary cost directly attributable to bringing the asset to be capable of operating, the initial estimate of the costs of restoring and financing costs for long-term building projects, to the extent the requirements for recognition are met.

When significant components of property, plant and equipment require replacement, the Company and its Subsidiaries, at regular intervals, derecognized the replaced component and recognized the new component with its corresponding useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are met. All other routine repair and maintenance costs are recognized in the consolidated statements of income as incurred.

An item of property, plant and equipment or significant component is retired at the moment of its disposal or when it is not expected to obtain economic benefits through its use or subsequent disposal. Any profit or loss from the disposal of the asset (calculated as the difference between revenues for sale and the asset's carrying amount) is included in consolidated statements of income when it occurs.

Residual value, useful life and depreciation methods are reviewed and adjusted, if any, at the end of each year.

Work in progress includes payments for asset construction, financing costs, and other direct costs attributable to such work, accrued during the construction phase. Work in progress is capitalized when completed and depreciation is calculated since the moment the asset is available for use.

Land is not depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives, which are as follows:

	Years
Building, plants and other constructions	Between 2 and 115
Machinery and equipment	Between 1 and 54
Transport units	Between 2 and 13
Furniture and fixtures	Between 2 and 16
Computer equipment	Between 1 and 7
Other equipment	Between 1 and 50

(m) Leases, see note 17.2 -

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the time of its conclusion, whether compliance with the agreement depends on the use of a specific asset or agreement granting the right to use the asset, even if that right is not explicitly in the agreement.

Finance leases that transfer substantially all the risks and rewards of ownership of the leased asset to the Company and its Subsidiaries, are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statements of income.

A leased asset is depreciated over the useful live of the asset. However, if there is no reasonable certainty that the Company and its Subsidiaries will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which the Company and its Subsidiaries do not obtain substantially all the risks and reward incidental to ownership of the asset are classified as operating leases.

Operating lease payments are recognized as operating expenses in the consolidated statements of income on a straight-line basis over the lease period.

(n) Intangible assets, see note 15 -
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any, see paragraph (p) below.

Internally generated intangible assets are not capitalized and expenditure is reflected in the consolidated statements of income in the period in which such expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful live are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statements of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income when the asset is derecognized.

A summary of the policies applied to intangible assets held by the Company and its Subsidiaries is as follows:

	Licenses	Brands	Customer list	Industrial formulas	Non-compete agreements
Useful lives (in years)	Finite (2-10)	Indefinite	Finite (7-10)	Indefinite	Finite (5)

Amortization is calculated using the straight-line method.

(o) Goodwill, see note 16 -
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statements of income at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, assessed at least each year end. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portions of the CGUs retained.

The impairment of goodwill is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which it relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be eliminated in future periods.

(p) Impairment of non-financial assets, see note 16 -
The Company and its Subsidiaries assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGUs fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For non-financial assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income.

(q) Provisions, see note 21 -

Provisions are recognized when the Company and its Subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount provided is equivalent to the present value of expected future payments to settle the obligation. In cases where the Company and its Subsidiaries expect the provision to be reimbursed in whole or in part, for example under an insurance contract, the reimbursement is recognized as an asset separately only in cases where such reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income net of any related refund.

If the effect of the time value of money is material, provisions are discounted using a current market rate before tax that reflects, where appropriate, the risks specific to the liability. When the discount is recognized, the increase in the provision by the passage of time is recognized as a finance cost in the consolidated statements of income.

(r) Contingencies, see note 38 -

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or when the amount of the obligation cannot be measured with sufficient reliability. Contingent assets are not recognized, but are disclosed when it is probable that an inflow of economic benefits to the Company and its Subsidiaries occurs.

By their nature, contingencies will only be resolved when one or more future events occur or not. The determination of contingencies inherently involves the exercise of judgment and the calculation of estimates of the outcome of future events.

(s) Revenue from contracts with customers, see note 25 -
Revenues of the Company and its Subsidiaries correspond mainly to the sale of goods which are recognized at the point in time when control of the asset is transferred to the customer, on delivery. The other revenues are minor and correspond to technical assistance services and royalties from its exclusive distributors. The Company and its Subsidiaries concluded they act as principal in all of their revenue arrangements as they control the goods or services before those are transferred to their clients.

Sale of goods -
For these revenues the contractual obligations correspond to the sale of goods and delivery.

Revenue from the sale of goods is recognized at the point at which the asset control is transferred to the customer on delivery of the goods.

IFRS 15 describes the following 5 steps an entity must apply to measure and recognize revenue from contracts with customers:

- Identify the contract with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation in the contract.

The accounting principles of IFRS 15 provide a more robust framework for addressing revenue recognition issues.

Likewise the other relevant aspect for the Company and its Subsidiaries is the determination of the transaction price and if, in certain cases, there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The relevant aspects, applied by the Company and its Subsidiaries according to IFRS 15 are:

(i) Variable consideration –

Some contracts for the sale of goods provide customers with a right of return and volume rebates, that according to IFRS 15, should be deducted from the revenue from sale. The Company and its Subsidiaries estimate these amounts as of the date of each consolidated statement of financial position, estimating the weighted probability of these amounts to be recorded. These amounts are recognized as a deduction of the trade accounts receivables in the consolidated statements of financial position and as a deduction of the revenues from ordinary activities in the consolidated statement of income, according to the following analysis:

- Rights of return

  When a contract provides a customer with a right to return of the goods within a specified period, the Company and its Subsidiaries recognize such right based on historial data of returns. In this sense, the revenue amount related with the expected returns are recorded as a deduction of trade account receivables. The expected goods amount to be returned is not recorded on the caption "Inventories, net" as such returns are disposed and not reused in the production process.

- Volume rebates, logistic and others

  The Company and its Subsidiaries provide discounts mainly for volume of purchases and logistic optimizations for all products purchased by their customers, once the sales volume of products in a period meets the requirements stipulated in the contracts for this type of benefits. The Company and its Subsidiaries estimate the discounts for volumes and logistics that are expected to be granted, using the probability weighted on the basis of historical data on discounts, and recognizes them in the consolidated statement of income by decreasing trade accounts receivable and sales in the ordinary income caption.

  These discounts correspond to variable considerations, so the Management estimates the most probable amount of revenue for contracts who have these types of discounts

(ii) Free transfers

Management provides free transfers of goods to its customers in order to promote the sale for its traded goods. The cost of such products is presented under the caption "Cost of sales" of the consolidated statement of income.

Rendering of services

The Company and its Subsidiaries provide technical advisory services. These services are sold together with the sale of goods to the client, without specifying a value of the same. The revenue for these services are recognized over time since the service starts.

Royalties

The Company and its Subsidiaries enter into contracts with their exclusive distributors for the sale of goods. Under these contracts, also considered revenue from the sale of goods, the Company and its Subsidiaries obtain royalty income and, in turn, grant commissions to distributors. In these contracts, it is not considered that the Company and its Subsidiaries are mainly responsible for making the sale to the final customer, and do not have inventory risk after the goods control has been transferred to the exclusive distributor or the credit risk for the sales performed, independently of the power for establishing the price to the final consumer.

Revenues of the Company and its Subsidiaries in these contracts will be determined by the net amount between the agreed sale price with the distributors sales, the rebates for volume, logistics and commissions paid. Royalty income is recorded as a separate performance obligation.

(t) Financing costs -

Financing costs that are directly attributable to acquisition, building or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are included in the cost of that asset. All other finance costs are recognized when occurred. Financing costs are interest and other costs the Company and its Subsidiaries incur in connection with the borrowings obtained.

(u) Income tax, see note 22 -

Current income tax and employees' profit sharing -

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities based on the individual financial statements of the Company and each one of its Subsidiaries. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. In accordance with legal standards from Peru, employees' profit sharing is calculated over the same basis for calculating current income tax and in Ecuador over the basis of the financial profit.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax-

Deferred income tax reflects the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which temporary differences are expected to be recovered or eliminated. The measurement of deferred assets and deferred liabilities reflects the tax consequences that arise from the manner in which the Company and its Subsidiaries expect, at the date of the consolidated statements of financial position, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax assets and liabilities may change even though there is no change in the amount of the related temporary differences. This can result from a change in tax rates or tax laws. In this case, the resulting deferred tax shall be recognized in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss.

Deferred tax assets and liabilities are recognized regardless of when the timing differences are likely to reverse. Deferred tax assets are recognized when it is more likely than not, that future taxable profit will be available against which the temporary difference can be utilized. At the date of the consolidated statements of financial position, the Company and its Subsidiaries assess unrecognized deferred assets and the carrying amount of recognized deferred assets.

The Company and its Subsidiaries determine the deferred income tax considering the tax rate applicable to its retained earnings; any additional tax on dividends distribution is recorded on the date a liability is recognized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(v) Segment reporting, see note 36 –

The Company reports quantitative and qualitative information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are a component of an entity for which separate financial information is available that is evaluated regularly by the entity's Chief Operating Decision Maker ("CODM") in making decisions about how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as it is used internally for evaluating operating segment performance and deciding how to allocate resources to segments.

(w) Share-based Payment, see note 23(d) -
In 2017, the Company implemented a share-based payment plan, which consists of the granting of a number of shares of Alicorp S.A.A. to certain executives of the Company and its Subsidiaries. For this purpose, the Company has defined a number of shares that it will buy in the market and that will be legally delivered to the executives at the end of four years, counted from the date of granting.

The cost of these transactions, which are settled with shares, is determined by reference to the fair value of the shares within the plan on the grant date, using an appropriate valuation model. This cost is recognized in the personnel expenses item (note 29), along with the corresponding increase in equity (other equity reserves) during its term (period in which they accrual). The accumulated expense recognized for transactions settled with equity instruments at each presentation date of the consolidated financial statements reflects the amount accrued in the period before maturity and the best estimate of the amount of equity instruments that will ultimately be granted. The expense or income in the consolidated statement of income in one period represents the movement in the accumulated expense recognized at the beginning and at the end of that period.

When the terms of the plan are modified, the effect of the change is recognized in the consolidated statement of income for the year.

(x) Basic and diluted earnings per share, see note 35 -
The basic and diluted earnings per share have been calculated based on the weighted average number of common and investment shares outstanding as of the date of the consolidated statements of financial position. As of December 31, 2018 and 2017, the Company did not hold financial instruments with dilutive effect, so the basic and diluted earnings per share are the same.

4.3 Changes in accounting policies and disclosures

During 2018, the Company and its Subsidiaries applied for the first time the new accouting standards issued by the IASB, effective from January 1, 2018 mainly IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments".

The nature and effects of the changes as a result of the adoption of these new accounting standards are described below:

- Effect in the consolidated statement of financial position as of December 31, 2017

	Balance as of December 31, 2017 S/(000)	Reference	IFRS 9 adjustments S/(000)	Balance as of December 31, 2017 (restated) S/(000)
Assets				
Current assets				
Inventories	883,700	(a.3)	1,342	885,042
Other current assets	2,404,677		-	2,404,677
Total current assets	3,288,377		1,342	3,289,719
Non current assets	3,826,276		-	3,826,276
Total assets	7,114,653		1,342	7,115,995
Total liabilities	4,215,710		-	4,215,710
Equity				
Accumulated results	1,638,488	(a.3)	5,894	1,644,382
Other equity accounts	1,260,455	(a.3)	(4,552)	1,255,903
Total equity	2,898,943		1,342	2,900,285
Total liabilities and equity	7,114,653		1,342	7,115,995

- Effect in the consolidated statement of income for the year ended December 31, 2017:

	2017 S/(000)	Reference	IFRS 15 Adjustment S/(000)	Reference	IFRS 9 adjustments S/(000)	2017 (Restated) S/(000)
Sales	7,101,425	(b.2), (b.3), (b.4)	(152,160)		-	6,949,265
Cost of sales	(4,823,162)	(b.1), (b.2), (b.4)	(210,025)	(a.3)	(9,215)	(5,042,402)
Gross margin	2,278,263		(362,185)		(9,215)	1,906,863
Sales and distribution expenses	(994,480)	(b.1), (b.2), (b.3), (b.4)	360,875		-	(633,605)
Administrative expenses	(489,342)		1,763		-	(487,579)
Results of derivatives of commodities	(10,828)		-	(a.3)	11,944	1,116
Other revenues and expenses, net	(43,270)	(b.3)	(453)		-	(43,723)
Operation profit	740,343		-		2,729	743,072
Financial expenses, net	(91,511)		-	(a.3)	(5,903)	(97,414)
Net exchange difference	(5,300)		-		-	(5,300)
Share in profit of associates	(2,985)		-		-	(2,985)
Profit before income tax	640,547		-		(3,174)	637,373
Income tax	(187,482)		-		-	(187,482)
Net income	453,065		-		(3,174)	449,891

- Effect in the consolidated statement of income for the year ended December 31, 2016:

	2016 S/(000)	Reference	IFRS 15 Adjustment S/(000)	Reference	IFRS 9 Adjustment S/(000)	2016 (Restated) S/(000)
Sales	6,628,789	(b.2), (b.3), (b.4)	(152,641)			6,476,148
Cost of sales	(4,620,803)	(b.1), (b.2), (b.4)	(186,889)	(a.3)	(7,050)	(4,814,742)
Gross margin	2,007,986		(339,530)		(7,050)	1,661,406
Sales and distribution expenses	(937,378)	(b.1), (b.2), (b.3), (b.4)	339,530			(597,848)
Administrative expenses	(409,166)		-			(409,166)
Results of derivatives of commodities	(8,296)		-	(a.3)	7,050	(1,246)
Other revenues and expenses, net	(20,870)		-			(20,870)
Operation profit	632,276		-		-	632,276
Financial expenses, net	(149,959)		-	(a.3)	4,666	(145,293)
Net exchange difference	(20,381)		-		-	(20,381)
Share in profit of associates	1,065		-		-	1,065
Profit before income tax	463,001		-		4,666	467,667
Income tax	(160,862)		-		-	(160,862)
Net income	302,139		-		4,666	306,805

(a) IFRS 9 Financial Instruments

IFRS 9 provides changes in the following aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting and the accounting for modifications on financial liabilities.

For the adoption of IFRS 9, the Company and its Subsidiaries use the rule exception that allows not correcting information from previous periods (prospective application) with respect to changes in classification and measurement, and impairment, except for the time value of options, which must be applied retroactively when the change in the intrinsic value of an option was designated as a hedging instrument. As result, the differences in the book values of financial assets and financial liabilities resulting from the adoption of IFRS 9 were recorded as of January 1, 2018, affecting balances of consolidated equity as of such date, except for the time value of the options previously indicated.

The nature and effect of the changes as a result of the adoption of IFRS 9 are related to classification, measurement and impairment of financial assets as described below:

(a.1) Classification and measurement -
The adoption of the requirements of classification and measurement of IFRS 9 do not have an impact on the consolidated statements of financial position and net equity due to:

- The financial assets recorded at fair value according to IAS 39 (derivatives) continue being measured under the same criteria under IFRS 9.

- Those financial assets classified under IAS 39 as loans and accounts receivable (which includes cash and cash equivalents, restricted cash in guarantee for derivative transactions, trade receivables, other receivables and receivables from related parties,) that were recorded at amortized cost, meet the following criteria of IFRS 9 to continue with such measurement: (i) comply with the business model whose objective is to maintain the financial assets to obtain the contractual cash flows, and (ii) the contractual conditions of the financial asset, in specified dates, to cash flows that are only payments of principal and interest. Consequently, no change in the measurement of these instruments was required.

- Quoted equity shares that the Company and its Subsidiaries held were classified according to IAS 39 as financial assets available-for-sale with fair value changes recorded in OCI until their final disposition or impairment when effect in results take place. As there were no sales of equity shares during the year 2017, nor impairment in their value, all the effects were recorded in OCI. In application of IFRS 9, the Company irrevocably opted to classify these equity shares at fair value through OCI, so that their final disposition (sale or others) would not affect results in any time. During 2017, as there were no sales or disposals of equity shares, no differences between IAS 39 and IFRS 9 were identified.

(a.2) Impairment -

IFRS 9 requires to record expected credit losses on all of its financial assets, except for those that are carried at fair value through profit or loss and the equity instruments, estimating it over 12-month or on lifetime basis. In accordance with the provisions of the standard, the Company and its Subsidiaries applied the simplified approach to trade receivables, estimating credit losses for the entire life of the asset.

Due to the nature of the financial assets subject to impairment (short term receivables), Management estimated that the expected credit losses did not change significantly with respect to the current impairment policy in accordance with IAS 39.

(a.3) Hedge accounting -

Management has determined that all hedge relationships that exist and are considered effective will continue to qualify as effective hedges in accordance with IFRS 9.

In the case of the options that the Company and its Subsidiaries have, the adjustment of the time value of these options, according to IFRS 9, was applied retroactively affecting the year 2016 and the net equity balances as of January 1, 2016 as follows:

- Interest rate, currency and raw material derivatives (if it is a fair value hedge): the initial time value (hedge cost) at the contract date of the derivative is amortized on a straight-line basis over the term of the contract, affecting profit or loss of each period, since it is considered that the hedged item is related to a period of time. Subsequent variations in such value at the date of each consolidated statement of financial position are recorded in the consolidated statement of other comprehensive income without affecting profit or loss of the period.

- Commodity derivatives designated as cash flow hedges: the initial time value (hedge cost) at the derivative contract date is recorded at the time of its settement as a higher value of inventories with related, affecting the item "Inventories, net" of the consolidated statement of financial position, because it is related to a transaction that originates from the recognition of a non-financial asset. When the related inventory is sold, this higher cost is recognized as part of the cost of sales.

Subsequent changes in the time value of options at the date of each consolidated statement of financial position are recorded in the consolidated statement of comprehensive income without affecting the results of the period or inventory cost.

The effects in the consolidated statement of financial position as of January 1, 2018 correspond to an increase in the caption "Inventories, net" for an amount of S/1,342,000, a decrease in the caption "Other equity reserves" for an amount of S/4,552,000 and an increase in the caption "Accumulated results" for an amount of S/5,894,000, corresponding to the amortization under the straight –line method of the initial time value of the exchange rate and interest rate derivatives and the effect of the initial time value of the commodity derivatives affecting the item "Inventories, net".

The effects in the consolidated statements of income for the year 2017, for the reasons stated in the preceding paragraphs, correspond to an increase in the caption "Cost of sales" for an amount of S/9,215,000, a decrease of the net loss of the caption "Results of operations with commodity derivatives" for an amount of S/11,944,000 and an increase in the caption "Finance expense" for an amount of S/5,903,000. The effects in the consolidated statements of income for the year 2016, correspond to an increase in the caption "Cost of sales" and a decrease of the net loss of the caption "Results of operations with commodity derivatives" for an amount of S/7,050,000 and a increase in the caption "Finance expense" for an amount of S/2,917,000.

The effect of the adoption of IFRS 9 in the consolidated statement of financial position as of January 1, 2017 results in an increase of the caption "Accumulated results" and a decrease in the caption "Other equity reserves" for an amount of S/9,068,000.

The adoption of IFRS 9 as of January 1, 2016, does not represent a significant change to the consolidated financial statements of the Company and its Subsidiaries.

(b) IFRS 15 Revenue from Contracts with Customers

For the transition to IFRS 15, the Company and its Subsidiaries use the full retrospective application, so they applied the requirements of the standard for all the years presented, this represents a change in accounting policy, see note 4.2(v). Due to the type of operations of the Company and its Subsidiaries, the effects relate mainly to classification of certain items of the consolidated statements of income and does not represent significant changes in the net equity as of January 1, 2018, 2017 and 2016.

The analysis of the effects of the adoption of IFRS 15 are described below:

(b.1) Free transfers

Management delivers goods to its customers free of charge in order to promote the sale of products. Under IFRS 15, the cost of such products is included in the transaction price. The resulting impact is that such cost must be part of the cost of the sale; therefore, these costs were reclassified from the "Selling and distribution expenses" caption to the "Cost of sales" caption of the consolidated statements of income. During 2017 and 2016, the amounts of these costs amount to approximately S/6,458,000 and S/7,665,000, respectively.

(b.2) Technical advisory services

The Company and its Subsidiaries provide technical advisory services. These services are sold together with the sale of goods to the client, without specifying a value for the same. According to IFRS 15, all contractual obligations have revenue that must be assigned considering the independent sales price of each obligation within the consideration charged to the customer. In this case, revenues are recognized when the service is provided based on the degree of progress due to the fact that the customers simultaneously receive and consume the benefits provided. Consequently, according to IFRS 15, the revenue for these services will be recognized over time, from the moment the service starts, instead of at a point in time.

These services are provided throughout the calendar year, so as of January 1, 2018 and 2017, no deferred revenue was generated for these services. Likewise, the revenue for the sale of goods in the years 2017 and 2016 decrease of approximately S/20,427,000 and S/14,675,000, respectively, was due to the reallocation of the part of the consideration that was assigned to the technical advisory services. This reclassification affected the same caption "Sale to third parties" and did not have impacts on the results.

In order to recognize the costs related to the revenues for this services in the cost of sales, the associated cost of the technical advisory services for approximately S/19,455,000 and S/13,976,000 in the years 2017 and 2016, respectively, were reclassified to the caption "Selling and distribution expenses" to the caption "Cost of sales" of the consolidated statement of income.

(b.3) Royalty income

The Company and its Subsidiaries enter into contracts with their exclusive distributors for the sale of goods. Under these contracts, in addition of the revenue from the sale of goods, the Company and its Subsidiaries obtain royalty income and, in turn, grant commissions to distributors. Under IFRS 15, the commissions granted to distributors correspond to variable considerations that should decrease revenues. The amount of the granted commissions to the distributors for the year 2017 and 2016 were S/170,368,000 and S/165,336,000 and were reclassified from the caption "Selling and distribution expenses" to the caption "Sale to third parties" of the consolidated statement of income.

Additionally, the royalty income obtained by the Company and its Subsidiaries corresponds to a consideration that must be recognized separately, therefore these revenues that amounted to S/453,000 in the year 2017 were reclassified from the caption "Other income and expenses, net" to caption "Sale to third parties" of the consolidated statement of income.

(b.4) Sale and delivery of goods

The Company has the contractual obligation to the sale of goods and its delivery, so the revenue from the sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The cost of the delivery of the goods from the Company to the final clients was reclassified from the caption "Selling and distribution expenses" to the caption "Cost of sales", of the consolidated statement of income in order to present the costs incurred consistently with the related revenues for the sale of goods. These costs amounted to approximately S/184,112,000 and S/165,248,000 in the years 2017 and 2016, respectively.

Likewise, a portion of the revenues obtained from the delivery and distribution of goods were included in the caption "Selling and distribution expenses", so they have been reclassified to the caption "Sale to third parties" of the consolidated statement of income for amounts of approximately S/17,755,000 and S/12,695,000 in the years 2017 and 2016, respectively.

4.4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to use judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and for the figures reported of consolidated income and expenses for the years ended December 31, 2018, 2017 and 2016.

In Management's opinion, these estimates were made on the basis of its best knowledge of the relevant facts and circumstances at the date of preparation of the consolidated financial statements; however, actual results may differ from the estimates included in the consolidated financial statements. Management of the Company and its Subsidiaries does not expect any changes, if any, to have a significant effect on the consolidated financial statements.

The most significant estimates considered by Management of the Company and its Subsidiaries in connection with the consolidated financial statements mainly relate to:

(i) Estimate of the useful lives of assets and impairment - notes 4.2 (l), 4.2 (n) and 4.2 (p)

The accounting treatment of investments in property, plant and equipment and intangible assets requires the use of estimates to determine the useful lives for the purposes of depreciation and amortization. The determination of useful lives requires estimates regarding expected technological developments and alternative uses for assets. Hypotheses regarding technological framework and future development involve a significant degree of judgment, to the extent that the timing and nature of future technological advances are difficult to predict.

Impairment exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to sell is based on information available on similar sales transactions for goods conducted at arm's length and with independent parties or observable market prices less incremental costs for disposing the asset. The calculation of value in use is based on a model of discounted cash flows. Cash flows arise from the estimated projections for the coming years.

Management of the Company and its Subsidiaries periodically assess the performance of the defined cash generating units for the purpose of identifying a possible impairment in the value of its assets.

(ii) Valuation of hedging derivative financial instruments - note 4.2. (d)
When the fair value of financial assets and liabilities recorded in the consolidated statements of financial position cannot be determined in active markets, they are obtained using valuation techniques that include the discounted cash flow model. Data for these models is taken from observable markets whenever possible, but when this is not possible, a degree of judgment is required in establishing fair values.

The valuations include estimates of data such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments, see note 39.

(iii) Current and deferred income tax - note 4.2. (u)
There are different interpretations of tax regulations, uncertainty about changes in tax laws and the determination of taxable income. The differences arising between the actual results and the assumptions made, or future changes to such assumptions, could require future adjustments to tax income and tax expenses recorded.

The Company and its Subsidiaries established provisions based on reasonable estimates. The amount of such provisions is based on several factors, such as previous tax audits and different interpretations of tax law and the competent tax authority.

Deferred tax assets, including those generated by unused tax losses, require Management to assess the probability that the Company and its Subsidiaries generate sufficient taxable profit in future periods to utilize the deferred tax assets recognized. Assumptions about the generation of future taxable profits depend on Management's estimates of future cash flows. These estimates of future taxable income are based on projections of operating cash flows and judgments about the application of tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, they could affect the ability of the Company and its Subsidiaries to realize the net deferred tax assets recorded at the reporting date.

(iv) Contingencies - note 4.2 (r)

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of the existence, amount and potential contingencies inherently involves the exercise of significant judgment and the use of estimates on the outcome of future events.

(v) Shared-based payment – note 4.2(w)

The estimation of fair value for share-based payment transactions requires the selection of the most appropriate valuation model, which depends on the terms and conditions of the benefit granted. This estimate also requires the determination of the most appropriate assumptions for the valuation model, including the expected life of the stock option or the right of appreciation, the volatility and yield of the dividend and the realization of assumptions.

For the measurement of the fair value of transactions settled with equity instruments, the Company uses a binomial model on the grant date.

(vi) Revenue from contracts with customers – Nota 4.2(s)

Determining method to estimate variable consideration and assessing the constraint - Certain contracts for the sale of goods include a right of volume rebates, logistic and others, that give rise to variable consideration. In estimating the variable consideration, the Company and its Subsidiaries are required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which they will be entitled.

The Company and its Subsidiaries determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of volume relates.

Before including any amount of variable consideration in the transaction price, the Company and its Subsidiaries consider whether the amount of variable consideration is constrained. The Company and its Subsidiaries determined that the estimates of variable consideration are not constrained based on their historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

4.5 New accounting standards

The relevant standards and interpretations that are issued, but not yet effective as of December 31,2018, are presented below:

IFRS 16 Leases -
IFRS 16 was issued on January 2016 and suporseeds IAS 17 "Leasing", IFRIC 4 which determines if on agreement contains a lease, SIC 15 "Operating leases – Incentives", and SIC 27 which evaluates the substance of transactions in the legal form of a lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (for example, personal computers) and short-term leases (lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (lease liability) and an asset representing the right to use the underlying asset during the lease term (right-of use asset). It will also be required that lessees remeasure the lease liability when certain events occur (for example, a change in the term of the lease, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the new measurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16, which is effective for annual periods beginning on or after January 1, 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16
The Company and its Subsidiaries plan to adopt IFRS 16 under the modified retrospective method through an adjustment for the accumulated effect at the beginning of the 2019 period and will not restate amounts from comparative periods. The Company and its Subsidiaries have chosen to apply the standard to the contracts that were previously identified as leases under IAS 17 and IFRIC 4. Therefore, the Company and its Subsidiaries will not apply the standard to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4.

The Company and its Subsidiaries choose to use the exemptions proposed by the standard in the lease contracts for which the lease term ends within 12 months from the date of the initial application, and the lease contracts for which the underlying asset is of low value. The Company and its Subsidiaries have leases of certain office equipment (personal computers, printers, photocopiers, among others) that are considered of low value.

During 2018, the Company and its Subsidiaries have carried out an evaluation of the impact of IFRS 16. Currently, Management has estimated preliminary figures for these effects as of December 31, 2018, which are subject to its quality control process.

The Company and its Subsidiaries are evaluating the impact of IFRS 16 in the consolidated financial statements and plan to adopt the new standard on the required effective date. The Company and its Subsidiaries will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company and its Subsidiaries will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Also, the Company and its Subsidiaries will elect to use the exemptions proposed by the standard.

IFRIC 23 "Uncertainty over income tax treatments"
The interpretation refers to accounting for income tax when tax treatments involve an uncertainty that affects the application of IAS 12 and does not apply to taxes or charges outside the scope of this standard, nor does it include specifically the requirements related to interest and penalties that could be derived. The Interpretation indicates the following:

- If an entity has to consider fiscal uncertainties separately.
- The hypothesis that an entity makes about whether the tax treatment will be reviewed by tax authorities.
- How an entity determines the fiscal result, the tax bases, the unpaid losses, the tax deductions and the tax rates.
- How the entity considers the changes in the facts and circumstances.

An entity must determine whether it considers each fiscal uncertainty separately or together with one or more fiscal uncertainties. The approach that best estimates the resolution of uncertainty should be followed. The interpretation is effective for the annual period beginning on or after January 1, 2019, but certain exemptions are allowed in the transition. The Company and its Subsidiaries will apply the interpretation from its effective date.

Management of the Company and its Subsidiaries are analyzing the possible effects of this interpretation.

5. Cash and cash equivalents

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)
Cash and current accounts (b)	757,547	725,024
Time deposits (c)	279,638	318,357
Total	1,037,185	1,043,381

(b) The Company and its Subsidiaries hold current accounts in domestic and foreign banks, mainly in Soles and U.S. Dollars, which do not accrue interest and are freely available.

(c) As of December 31, 2018 and 2017, the Company and its Subsidiaries held time deposits in domestic financial entities, with maturities of less than three months since the constitution date, in Soles and in U.S. Dollars and bear interest at market rates.

6. Trade receivables, net

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)
Invoices receivable (b)	1,043,116	1,007,751
Notes receivable (b)	25,740	25,462
Promissory notes receivable (e)	23,057	22,148
Invoices receivable from related parties, note 34(b)	9,009	19,495
	1,100,922	1,074,856
Impairment allowance (d)	(74,479)	(94,184)
Current	1,026,443	980,672
Promissory notes receivable (e)	21,322	42,537
Impairment allowance (d)	(12,478)	(13,003)
Non current	8,844	29,534
Total	1,035,287	1,010,206

(b) Invoices have current maturity and do not accrue interest. As of December 31, 2018, notes do not accrue interest and have maturities between 7 and 360 days (between 7 and 270 days as of December 31, 2017). Trade receivables transactions have guarantees such as mortgages, pledges and bond letters for up to US$412,290,000 as of December 31, 2018 (US$344,102,000 as of December 31, 2017).

The Company and its Subsidiaries evaluate credit lines of the new customers through an internal analysis of their credit experience and establish credit limits for each customer. Those credit lines are reviewed periodically.

(c) As of December 31, 2018 and 2017, the aging analysis of trade receivables is as follows:

	Not provisioned S/(000)	Provisioned S/(000)	Total S/(000)
As of December 31, 2018			
Not past due	740,618	17,275	757,893
Past due:			
Until 30 days	193,095	-	193,095
Between 31 and 180 days	73,950	6,021	79,971
Between 181 and 360 days	13,909	19,418	33,327
Over 360 days	13,715	44,243	57,958
Total	1,035,287	86,957	1,122,244
As of December 31, 2017			
Not past due	850,846	36,423	887,269
Past due:			
Until 30 days	120,011	-	120,011
Between 31 and 180 days	33,639	521	34,160
Between 181 and 360 days	3,235	9,653	12,888
Over 360 days	2,475	60,590	63,065
Total	1,010,206	107,187	1,117,393

(d) The movement of the impairment allowance for the years ended December 31, 2018 and 2017 is as follows:

	2018 S/(000)	2017 S/(000)
Opening balance	107,187	92,830
Charge for the year, notes 27 and 28	15,309	21,845
Recoveries, note 30(a)	(31,746)	(2,222)
Write-offs	(2,170)	(1,786)
Exchange difference	323	(3,480)
Inflation results	(1,946)	-
Closing balance	86,957	107,187

In Management's opinion, the impairment allowance recorded as of December 31, 2018 and 2017 is sufficient to cover the credit risk.

(e) Corresponds to the promissory notes that the subsidiary Vitapro Chile S.A. has to collect from Cultivos Yadrán S.A. for being one of the creditors of the syndicated loan that this entity has with various financial institutions. As of December 31, 2018, the balance receivable amounts to S/31,901,000, net of its impairment allowance by S/12,478,000 (S/51,682,000, net of its impairment allowance by S/13,003,000 as of December 31, 2017). This loan will be repaid in the year 2020 and generates interest at Libor rate plus Libor fund cost and a margin of 2.4 percent per year.

(f) Information about the credit risk of trade receivables and its concentration is presented in note 39(b)(ii).

7. Restricted cash in guarantee for derivative transactions

Restricted cash in guarantee corresponds to the cash transferred to Newedge USA LLC R.J.O, Brien & Associates LLC and Intl FCStone Financial Inc., which are the international brokers that work with the Company to perform futures and option transactions on commodities. This account's balance as of December 31, 2018 is made up of approximately S/13,985,000 used for daily operations (S/165,000 as of December 31, 2017).

8. Other receivables, net

(a) This item is made up by:

	Current		Not current	
	2018 S/(000)	2017 S/(000)	2018 S/(000)	2017 S/(000)
Financial assets				
Receivables from employees	4,022	3,500	907	1,442
Insurance claims	2,046	2,010	-	-
Subsidies receivable	1,456	1,362	-	-
Interest receivable	70	2,160	-	-
Legal and labor witholdings (e)	-	-	22,077	-
Assets for compensation, note 3	-	-	15,941	-
Others	27,470	23,917	6,033	4,598
	35,064	32,949	44,958	6,040
Impairment allowance (b)	(17,228)	(17,215)	(1,308)	-
Total financial assets, note 39(a)	17,836	15,734	43,650	6,040
Value Added Tax	96,761	20,073	12,960	16,725
Tax claims (c)	142,639	35,685	15,391	15,276
Other tax credits, net (d)	3,937	2,554	81	468
Tax refunds, note 38(b)	-	27	5,902	8,437
Total	261,173	74,073	77,984	46,946
Advances to suppliers (g)	181,061	45,033	-	-

(b) The movement of the impairment allowance of other receivables during the years 2018 and 2017 was as follows:

	2018 S/(000)	2017 S/(000)
Opening balance	17,215	10,825
Impairment allowance, notes 27 and 28	1,369	-
Recoveries, note 30(a)	(216)	-
Other movements	-	6,383
Exchange difference	168	7
Closing balance	18,536	17,215

In Management´s opinion, the impairment allowance as of December 31, 2018 and 2017 adequately covers the credit risk of these items at such dates.

(c) The current part of the tax claims corresponds to the requests for repayment submitted to the tax administrations of each country of the subsidiaries for various taxes; mainly return credits related to exports. As of December 31, 2018, the balance includes requests for tax repayments (CEDEIM) requested by Industrias de Aceite S.A. and Sociedad Aceitera del Oriente S.R.L. from Bolivian tax authorities for an amount of S/65,426,000 and S/14,447,000, respectively. According to local regulations the companies that export goods and services could recover local taxes and paid duties over the materials incorporated in the exported goods.

As of December 31, 2018 and 2017, the non-current portion corresponds to withholdings made by the Tax Administration of Peru to Consorcio Distribuidor Iquitos S.A., see note 38(b). In Management´s opinion and its tax advisors, these credits will be recovered in the long term.

(d) Consists mainly of the tax credits regarding retention and perception regimes in Alicorp Argentina S.C.A.

(e) Correspond to retentions perfomed to the current accounts of the Bolivian subsidiaries Industrias de Aceite S.A. and Sociedad Aceitera del Oriente S.R.L. regarding labor and regulatory claims. Accounting to Bolivian regulation, once the regulatory entity accepts the demand, they are entitled to request the retentions until the end of the process.

(f) Management of the Company and its Subsidiaries consider that the other receivables will be collected in the short term, with the exception of the non-current accounts receivables from employees, retentions and other assets related to the subsidiaries located in Bolivia and certain tax credits that will be recovered in the long-term.

(g) As of December 31, 2018, advances to suppliers include: (i) S/142,321,000 of payments made by Bolivian subsidiaries Industrias de Aceite S.A. and Sociedad Aceitera del Oriente S.R.L. to local farmers for the purchase of grain, (ii) S/5,240,000 of payments made to third parties for the purchase of raw materials, (iii) S/4,079,000 of payments made to related parties for the purchase of raw material (S/13,580,000 at December 31, 2017), see note 34 (b), and (iv) S/8,668,000 for purchase of other equipment.

9. Inventories, net

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)
Merchandise	122,742	45,589
Finished goods	325,932	185,907
Sub-products	4,528	6,268
Products in progress	100,441	24,034
Raw and auxiliary materials	702,485	426,773
Containers, packaging, other supplies and spare parts	84,459	61,879
Inventories in transit	132,400	155,875
	1,472,987	906,325
Obsolescence allowance (b)	(16,035)	(21,283)
Total	1,456,952	885,042

(b) The movement of the obsolescence allowance for the years ended December 31, 2018 and 2017 is as follows:

	2018 S/(000)	2017 S/(000)
Opening balance	21,283	17,360
Charge for the year, note 26(a)	10,296	24,355
Recoveries and use of allowance, note 26(a)	(11,638)	(19,055)
Write-offs	(2,032)	(1,427)
Inflation results	(1,583)	-
Other movements	(291)	50
Closing balance	16,035	21,283

The obsolescence allowance included in the years 2018 corresponds mainly to food for sea shrimp (detergents in the year 2017). During the year 2017, the Company and its Subsidiaries used the allowance constituted in previous years for approximately S/14,800,000 corresponding mainly to pasta, detergents, deodorants and raw material, through the sale of those products.

In Management's opinion, as of December 31, 2018 and 2017, the obsolescence allowance of inventories covers properly the impairment risk of inventories.

10. Other non-financial assets

This item is made up by:

	2018 S/(000)	2017 S/(000)
Prepaid insurance	4,640	11,803
Prepaid advertising	3,097	9,077
Salaries paid in advance	1,868	1,770
Licenses	996	590
Rentals	236	486
Municipal taxes	-	1,501
Others	2,802	1,900
Total	13,639	27,127

11. Assets held for sale, net

(a) The assets held for sale correspond to ginning plants, factories, and some properties that do not have a defined use and their book values as of December 31, 2018 amounts to S/36,638,000 (S/25,125,000 as of December 31, 2017). Management has a sale plan for these assets through a real estate agent that it expects to execute in the short-term.

(b) The movement of the assets held for sale for the years ended December 31, 2018 and 2017 is as follows:

	Ginning plants S/(000)	Minor factories S/(000)	Properties S/(000)	Total S/(000)
Cost				
Opening balance as of January 1, 2017	1,262	9,633	81,832	92,727
Additions	-	316	-	316
Transfers (c)	(1,262)	-	(13,631)	(14,893)
Sales	-	(6,509)	(433)	(6,942)
Translation effect	-	-	(2,739)	(2,739)
Closing balance as of December 31, 2017	-	3,440	65,029	68,469
Acquisition of subsidiaries, note 3	-	-	14,000	14,000
Transfers (c)	-	-	8,091	8,091
Sales	-	-	(2,306)	(2,306)
Translation and inflation effect	-	-	14,330	14,330
Closing balance as of December 31, 2018	-	3,440	99,144	102,584

	Ginning plants S/(000)	Minor factories S/(000)	Properties S/(000)	Total S/(000)
Accumulated depreciation				
Opening balance as of January 1, 2017	593	6,881	45,456	52,930
Transfers (c)	(593)	-	(3,570)	(4,163)
Sales	-	(4,753)	-	(4,753)
Translation and inflation effect	-	-	(670)	(670)
Closing balance as of December 31, 2017	-	2,128	41,216	43,344
Transfers (c)	-	-	3,251	3,251
Sales	-	-	(1,110)	(1,110)
Translation and inflation effect	-	-	9,859	9,859
Closing balance as of December 31, 2018	-	2,128	53,216	55,344
Accumulated impairment				
Balance as of December 31, 2017	-	-	-	-
Additions	-	-	10,602	10,602
Balance as of December 31, 2018	-	-	10,602	10,602
As of December 31, 2018	-	1,312	35,326	36,638
As of December 31, 2017	-	1,312	23,813	25,125

(c) During 2018, the following assets were transferred from "Property, plant and equipment" to "Assets held for sale, net": (i) equipment from the plant located at Ruta 229, Km 6.7 Bahía Blanca, Argentina, for a net cost of S/4,053,000, and (ii) agricultural land, owned by the Industrias de Aceite S.A., for a net cost of S/787,000, see note 14(c).

During 2017, after the analysis carried out by Management, assets were transferred to "Property, plant and equipment, net" for a net cost of S/25,352,000, which mainly includes three properties of the Company for a net cost of S/24,724,000. Also, land, buildings and equipment were transferred from the plant located at Ruta 229, Km 6.7, Bahía Blanca, Argentina, for a net cost of S/14,622,000 from "Property, plant and equipment, net" to " Assets held for sale, net ", see note 14(c).

12. Other financial assets

(a) This item is made up by:

	Current		Non-current	
	2018 S/(000)	2017 S/(000)	2018 S/(000)	2017 S/(000)
Held-to-maturity financial investments (b)	-	160,000	-	-
Available-for-sale financial investments (c)	-	22,630	-	349,644
Investments at fair value through profit or loss and through OCI (c)	7,816	-	386,577	-
Total financial assets	7,816	182,630	386,577	349,644

(b) As of December 31, 2017, the Company holds investments in term deposits by S/160,000,000 in domestic financial entities, with maturities of more than three months since the constitution date, in local currency and bear interest at market rates.

(c) This item is made up by:

	2018 S/(000)	2017 S/(000)
Mutual funds - Investments at fair value through profit or loss (c.1)	7,816	-
Mutual funds - Available-for-sale financial investments (c.1)	-	22,630
Investments in shares - Investments at fair value through OCI (c.2)	386,577	-
Investments in shares - Available-for-sale financial investments (c.2)	-	349,644
Total financial assets	394,393	372,274

(c.1) As of December 31, 2018, the subsidiary Alicorp Argentina S.C.A. holds investments in low-risk mutual funds, expressed in Argentinian Pesos, with local financial institutions (as of December 31, 2017, the mutual funds correspond to the subsidiaries Vitapro Chile S.A. and Alicorp Argentina S.C.A.). The mutual funds do not have an established expiration date, being freely available at any moment.

(c.2) This item presents the investments in shares, as follows:

	2018			2017
	Cost S/(000)	Unrealized gains (losses) S/(000)	Estimated Fair value S/(000)	Estimated Fair Value S/(000)
Common shares of Credicorp Ltd., equivalent to 0.54% equity interest	19,238	359,019	378,257	341,425
Common shares of Inversiones Centenario S.A., equivalent to 0.49% equity interest	134	7,423	7,557	7,361
Common shares of Universal Textil S.A., equivalent to 0.55% equity interest	348	(88)	260	366
Common shares of Fábrica de Tejidos La Bellota S.A., equivalent to 1.59% equity interest	447	(174)	273	273
Other minor	110	120	230	219
	20,277	366,300	386,577	349,644

Balances as of December 31, 2018 and 2017, correspond to the fair value of investments in equity instruments, profit and losses arising from the fair value variation are recognized directly in OCI. The effect on the consolidated statement of other comprehensive income for the year 2018 is a profit by S/26,038,000, net of deferred income tax by S/10,895,000 (profit of S/52,905,000, net of deferred income tax by S/22,123,000 in the year 2017).

(d) For the years 2018 and 2017, the Company and its Subsidiaries have received dividends as follows, see note 31:

	2018 S/(000)	2017 S/(000)
Credicorp Ltd.	7,072	14,154
Inversiones Centenario S.A.	85	183
Pacífico Peruano Suiza Compañía de Seguros	11	10
	7,168	14,347

(e) Investments at fair value through profit or loss and through OCI are measured at fair value under level 1 of hierarchy, see note 39(b)(viii)(a).

13. Investment accounted using the equity method

(a) This item is made up by:

	2018			2017		
	Number of shares	Equity interest %	Total S/(000)	Number of Shares	Equity interest %	Total S/(000)
Panificadora Bimbo del Perú S.A.	3,182,064	14.93	17,334	2,539,242	16.62	11,169
Bimar S.A.	-	-	-	424,328	30.00	4,612
Other			110			106
Total			17,444			15,887

(b) The movement of the caption as of date of the consolidated financial statements is as follows:

	2018 S/(000)	2017 S/(000)
As of January 1	15,887	18,898
Share in the net results of associates	1,747	(2,985)
Other movements	(190)	(26)
As of December 31	17,444	15,887

(c) On April 30, 2018, the Shareholders´meeting of Panificadora Bimbo del Perú S.A. (henceforth "Bimbo") and Bimar S.A. approved the merger of both companies. Bimbo absorbed the total equity of Bimar S.A., as result, the equity interest that the Company has in Bimar S.A. was transferred to the capital of Bimbo. The main figures of the financial statements of the associates are the following:

	Planificadora Bimbo del Perú S.A.		Bimar S.A.	
	2018 S/(000)	2017 S/(000)	2018 S/(000)	2017 S/(000)
Total assets	175,994	119,447	-	15,677
Total liabilities	66,809	51,544	-	176
Equity	109,185	67,903	-	15,501
Net sales	174,811	160,105	-	-
Loss, net	(20,795)	(21,155)	-	128

Panificadora Bimbo del Perú S.A., is dedicated to the manufacture and distribution of bakery products and Bimar S.A., of investments in stocks and values in general.

14. Property, plant and equipment

(a) The movement of this item is as follows:

	Land S/(000)	Building, plants and other constructions S/(000)	Machinery and equipment S/(000)	Transport units S/(000)	Furniture and fixtures S/(000)	Computer equipment S/(000)	eq S/
Cost							
As of January 1, 2017	537,101	723,457	1,674,366	16,059	57,240	48,449	2
Additions (f)	-	85	1,449	-	22	83	
Disposals and sales (g)	(2,211)	(1,001)	(254,021)	(10,499)	(30,268)	(37,239)	(5
Transfers (c)	16,300	43,005	160,226	118	6,108	2,829	(1
Translation results	(3,537)	(16,545)	(23,393)	(152)	(435)	(665)	
As of December 31, 2017	547,653	749,001	1,558,627	5,526	32,667	13,457	6
Additions (f)	1,377	8,857	21,143	162	354	136	
Disposals and sales (g)	(280)	(2,274)	(46,427)	(431)	(100)	(823)	
Transfers (c)	(1,145)	19,692	67,888	347	(150)	5,481	
Acquisition of subsidiaries (e)	60,488	169,270	339,509	3,938	2,525	3,460	1
Translation results and inflation	576	27,476	67,125	173	30	7,659	
As of December 31, 2018	608,669	972,022	2,007,865	9,715	35,326	29,370	7
Accumulated depreciation							
As of January 1, 2017	-	334,722	872,951	14,457	46,627	45,591	1
Additions (b)	-	22,069	97,454	352	2,412	2,293	
Disposals and sales (g)	-	(687)	(226,238)	(10,437)	(29,850)	(36,920)	(4
Transfers (c)	-	18,065	29,241	(4)	902	(311)	(4
Translation results	-	(4,999)	(11,023)	(122)	(267)	(667)	
As of December 31, 2017	-	369,170	762,385	4,246	19,824	9,986	1
Additions (b)	-	22,772	127,042	1,095	2,340	4,109	
Disposals and sales (g)	-	(1,446)	(45,483)	(322)	(55)	(810)	
Transfers (c)	-	1,678	(7,465)	(31)	(778)	695	
Translation results and inflation	-	11,554	39,062	159	500	6,089	
As of December 31, 2018	-	403,728	875,541	5,147	21,831	20,069	1
Accumulated Impairment							
As of January 1,2017	-	-	3,191	-	-	-	
Impairment of the year, note 30(a)	-	-	446	-	-	-	
Disposals and sales (g)	-	-	(3,193)	-	-	-	
As of January 1, 2018	-	-	444	-	-	-	
Impairment of the year, note 30(a)	730	7,020	6,203	1	17	217	
Impairment reversal	-	-	(105)	-	-	-	
Translation results	(8)	-	52	-	1	8	
Other movements	270	-	-	-	-	-	
As of December 31, 2018	992	7,020	6,594	1	18	225	
Net book value							
As of December 31, 2018	607,677	561,274	1,125,730	4,567	13,477	9,076	
As of December 31, 2017	547,653	379,831	795,798	1,280	12,843	3,471	

(b) The depreciation allocation for 2018 and 2017 is as follows:

	2018 S/(000)	2017 S/(000)
Cost of sales, note 26	145,962	116,743
Selling and distribution expenses, note 27	6,777	4,256
Administrative expenses, note 28	12,807	12,447
	165,546	133,446

(c) During 2018, property, plant and equipment were transferred by a net value of S/9,416,000, to the items "Assets held for sale, net" and "Intangible assets, net" for S/4,840,000 and S/4,576,000, respectively, see notes 11(c) and 15(d).

During 2017, property, plant and equipment were transferred for a net value of S/18,897,000, to the items "Assets held for sale, net" and "Intangible assets, net" for S/14,622,000 and S/4,275,000, respectively, see notes 11(c) and 15(d). Also, a net value of S/25,352,000 was transferred from the item "Assets held for sale, net" to "Property, plant and equipment", which mainly includes the value of three properties of the Company by S/24,724,000, see note 11(c).

(d) Management considers there are no situations that can affect forecasts of expected results for the remaining years of the useful life for these fixed assets and, in its opinion, as of December 31, 2018 and 2017, no indications of impairment exist and is not necessary to establish a provision for impairment in addition to those recorded at those dates.

(e) In the year 2018 the Company acquired Industrias de Aceite S.A., Global Cassini S.L., Sociedad Aceitera del Oriente S.R.L. and other minor companies. The properties, plant and equipment acquired have an estimated fair value of S/608,986,000, see note 3.

(f) The main additions of the year 2018 corresponds to to the acquisition of robots and equipment for the Copsa plant (in the sauces and margarine categories), equipment and furniture for the new administrative offices in Peru and for the shrimp exportation line. The main additions of year 2017 corresponds to the acquisition of a bottler for the Galletera Callao plant, equipment for the adequacy of the deodorizer plant in Peru, the construction of the plant for balanced feed for shrimp in Honduras and the increase in installed capacity of the shrimp platform in Ecuador.

(g) In the year 2018, the net value of the disposals and sales amounts to approximately S/3,344,000, see note 30(e). In year 2017, the disposals and sales correspond mainly to the missing and obsolete assets identified as a result of the physical inventory made by the Company and its Subsidiaries in Peru during the year, for a net book value of approximately S/33,088,000 (from which the cost of S/256,983,000 was fully depreciated in previous periods).

(h) The Company and its Subsidiaries hold effective insurance coverage their main fixed assets, in conformity with their policies established by Management. In Management's opinion, the Company´s insurance policy is consistent with the international practice of the industry.

(i) Work in progress consists of the following:

	2018 S/(000)	2017 S/(000)
Building, plant and other constructions	64,668	54,337
Machinery and equipment	65,365	15,226
Other equipment	45,004	19,911
	175,037	89,474

15. Intangible assets, net

(a) The movement of this item is as follows:

	Licenses and software S/(000)	Brands (c) S/(000)	Customer list S/(000)	Non-compete agreements S/(000)	Other S/(000)	Total S/(000)
Cost						
As of January 1, 2017	150,713	453,522	79,075	43,406	36,333	763,049
Additions (e)	164	-	-	-	19,741	19,905
Transfer (d)	3,885	(472)	-	1,123	(614)	3,922
Disposals	(261)	-	-	-	-	(261)
Translation results	(1,548)	(9,343)	(1,798)	(161)	(1)	(12,851)
As of December 31, 2017	152,953	443,707	77,277	44,368	55,459	773,764
Additions (e)	879	64,052	-	-	37,280	102,211
Transfer (d)	22,031	(3)	-	(1,252)	(16,218)	4,558
Acquisition of subsidiaries (f)	2,375	35,687	135,871	-	7	173,940
Translation results and inflation	(2,543)	(8,829)	1,507	314	8	(9,543)
As of December 31, 2018	175,695	534,614	214,655	43,430	76,536	1,044,930
Accumulated amortization						
As of January 1, 2017	112,814	6,884	43,458	32,234	70	195,460
Additions (b)	11,342	-	10,807	8,693	26	30,868
Disposals	(100)	-	-	-	-	(100)
Transfers (d)	100	(472)	-	19	-	(353)
Translation results and inflation	(766)	(126)	(1,116)	(137)	15	(2,130)
As of December 31, 2017	123,390	6,286	53,149	40,809	111	223,745
Additions (b)	15,653	-	19,507	2,043	26	37,229
Transfer (d)	401	(3)	-	(416)	-	(18)
Translation results and inflation	(1,091)	(128)	(1,995)	315	(12)	(2,911)
As of December 31, 2018	138,353	6,155	70,661	42,751	125	258,045
Accumulated Impairment (g)						
As of January 1, 2018	-	137	-	-	-	137
Additions (g)	-	-	-	-	-	-
As of December 31, 2018	-	137	-	-	-	137
Net book value						
As of December 31, 2018	37,342	528,322	143,994	679	76,411	786,748
As of December 31, 2017	29,563	437,284	24,128	3,559	55,348	549,882

(b) The amortization allocation for 2018 and 2017 is as follows:

	2018 S/(000)	2017 S/(000)
Cost of sales, note 26	1,097	174
Selling and distribution expenses, note 27	10,898	2,943
Administrative expenses, note 28	25,234	27,751
	37,229	30,868

(c) Brands are composed as follows:

	2018 S/(000)	2017 S/(000)
Santa Amalia	134,053	150,806
Angel	86,359	86,359
Fino	79,993	-
Sayon	61,770	61,770
Opal	55,527	55,527
Salmofood	44,941	43,163
SAO	26,018	-
Marsella	20,914	20,914
Margarita	10,400	10,400
Alpesa	3,166	3,166
Break	970	970
Other brands	4,211	4,209
	528,322	437,284

(d) As of December 31, 2018 and 2017, the transfers correspond mainly to various licenses acquired by the Company.

(e) The main additions of the year 2018 correspond to the brands acquired by Alicorp Holdco España S.L. from Tikal related to Industrias de Aceite S.A. The main additions of year 2017 correspond to the purchase of licenses and implementation of modules in the ERP of the Company.

(f) Correspond to the intangible assets identified in the acquisitions of subsidiaries during the year 2018, see note 3.

(g) As of December 31, 2018 and 2017, an impairment test of brands and industrial formulas was performed.

(h) For other intangible assets, Management considers that there are no situations that may affect the projections of expected results for the remaining years of their useful lives; so, in Management's opinion, there are no indications of impairment as of December 31, 2018 and 2017.

16. Goodwill

A breakdown by CGU of this item is as follows:

	Acquisition year	2018 S/(000)	2017 S/(000)
Pastificio Santa Amalia S.A.	2013	247,151	278,040
Industrias Teal S.A.	2013	204,203	204,203
Global Alimentos S.A.C.	2014	194,648	194,648
Industrias de Aceite S.A., Colcun S.A. and Sociedad Aceitera del Oriente S.R.L.	2018	164,883	-
Nicolini Hermanos S.A. and Compañía Molinera del Perú S.A.	1997	71,032	71,032
Asa Alimentos S.A.	2006	55,537	55,537
Industria Nacional de Conservas Alimenticias S.A.	2012	28,170	28,170
Vitapro Chile S.A.	2012	14,970	14,376
Sanford S.A.C.I.F.I. and A.	2008	10,106	5,620
Total		990,700	851,626

The variations in the balances as of December 31, 2018 compared with the previous year are related to variations in the exchange rate due to the conversion of the functional currencies of those countries into soles, according to the translation methodology described in note 4.2 (e).

Impairment testing of goodwill and non-financial assets with indicators of impairment -
For impairment testing purposes, acquired goodwill through business combinations and indefinite useful life intangible assets were allocated to the CGUs listed below:

Cash-generating units:

Category	Company	2018 S/(000)	2017 S/(000)
Pastificio Santa Amalia	Pastificio Santa Amalia S.A.	247,151	278,040
Global Alimentos	Global Alimentos S.A.C.	194,648	194,648
Consumer products and crushing	Industrias de Aceite S.A., Colcun S.A. and Sociedad Aceitera del Oriente S.R.L.	164,883	-
Domestic flours	Industrias Teal S.A. and Nicolini Hermanos S.A. and Compañía Molinera del Perú S.A.	77,822	77,822
Pasta	Industrias Teal S.A. and Nicolini Hermanos S.A. and Compañía Molinera del Perú S.A.	71,613	71,613
Cookies	Industrias Teal S.A.	53,572	53,572
Shrimp	Nicolini Hermanos S.A. and Compañía Molinera del Perú S.A.	48,687	48,687
Desserts	Asa Alimentos S.A.	43,492	43,492
Industrial sauces	Industria Nacional de Conservas Alimenticias S.A.	28,170	28,170
Paneton	Industrias Teal S.A.	15,516	15,516
Vitapro Chile	Vitapro Chile S.A.	14,970	14,376
Sanford	Sanford S.A.C.I.F.I. y A.	10,106	5,620
Candies and chocolates	Industrias Teal S.A.	8,025	8,025
Instant drinks	Asa Alimentos S.A.	7,269	7,269
Flavorings	Asa Alimentos S.A. and Industrias Teal S.A.	4,776	4,776
Total		990,700	851,626

The recoverable amount of each CGU has been determined based on a calculation of value in use or estimates of fair value less costs of sale, using projections of cash flows obtained from the financial budgets approved by Senior Management covering a specified period.

Cash flows beyond the period indicated in the projections were extrapolated using a specific growth rate that is similar to the long-term average growth rate for the industry in which each CGU operates.

The following table shows the key assumptions used in impairment assessment for each CGU as of December 31, 2018 and 2017:

CGU	Discount rate (post-tax) %	Long-term growth rate %	Long-term EBITDA average margins %
2018			
Pastificio Santa Amalia S.A.	11.64	4.0	14.1
Industrias Teal S.A. (includes the CGU of domestic flours, flavorings, cookies, pasta, paneton, candies and chocolates)	8.90	2.6	17.5
Industrias de Aceite S.A. and Subsidiary and Sociedad Aceitera del Oriente (crushing)	13.72	2.0	8.8
Industrias de Aceite S.A. and Subsidiary and Sociedad Aceitera del Oriente (Consumer products)	11.49	3.0	18.1
Global Alimentos S.A.C.	8.90	3.0	24.9
Nicolini Hermanos S.A. and Compañía Molinera del Perú S.A. (include the CGU of domestic flours, pasta and shrimp)	8.90	2.6	13.5
Asa Alimentos S.A. (includes the CGU of instant drinks, desserts and flavorings)	8.90	2.6	31.1
Industria Nacional de Conservas Alimenticias S.A.	8.90	2.6	31.0
Vitapro Chile S.A.	8.70	2.2	8.3
Sanford S.A.C.I.F.I. y A.	17.81	5.9	14.7
2017			
Pastificio Santa Amalia S.A.	10.46	4.2	13.9
Industrias Teal S.A. (includes the CGU of domestic flours, flavorings, cookies, pasta, paneton, candies and chocolates)	7.72	2.4	10.9
Global Alimentos S.A.C.	7.72	2.4	16.7
Nicolini Hermanos S.A. and Compañía Molinera del Perú S.A. (include the CGU of domestic flours, pasta and shrimp)	7.72	2.4	15.8
Asa Alimentos S.A. (includes the CGU of instant drinks, deserts and flavorings)	7.53	2.4	26.2
Industria Nacional de Conservas Alimenticias S.A.	7.72	2.4	25.0
Vitapro Chile S.A.	8.08	2.0	9.6
Sanford S.A.C.I.F.I. y A.	14.0	6.3	7.6

EBITDA margins are based on historical values recorded in years prior to the beginning of the budgeted period and increases during the budgeted period with the expected efficiency improvements resulting from the normal improvement of the production process.

The discount rate represents the assessment, based on the current market conditions, of the specific risks for each CGU, considering the time value of money and the particular risks of the underlying assets which were not incorporated into cash flow estimates. The calculation of the discount rate is based on specific circumstances of the entity being analyzed and its operating segments, representing the average cost of its capital. The beta factors are evaluated annually based on available market information for public. Factors that impact on the determination of the discount rate, such as country risk, risk free rate, beta, market premium and cost of debt are evaluated annually based on market information available to the public.

The long-term growth rate is based on published market research and, in general, is in line with the long-term inflation projected for the countries in which each CGU operates. The growth rate has been determined considering the functional currency of each CGU.

As of December 31, 2018 and 2017, the book value of goodwill related to each CGU has been compared with the recoverable value and Management has determined that it is not necessary to record any impairment, with the exception of the goodwill related to Alicorp Colombia S.A., which was fully impaired during 2017.

The key assumptions described above may change if market conditions and the economy change. The Company and its Subsidiaries estimate that changes in these assumptions, which would be reasonable to expect, would not cause the recoverable amount of some CGUs to decrease below their book value, except in the case of CGU "Pastificio Santa Amalia S.A.", where a decrease in the EBITDA margin by 1% would result in impairment for an amount of approximately S/11,424,000. However, Management considers this situation to be remote due to the consumer products market short-term recovery expectation. Also management is directing its strategy to greater value categories and better synergies in its strategy core business (pasta). On the other hand, the efficiency plans that will be implemented in the first half of 2019 will contribute with an increase between 1% and 1.5% of the EBITDA margin.

17. Other financial liabilities

(a) This item consists of the following:

	2018			2017		
	Current portion S/(000)	Non-current portion S/(000)	Total S/(000)	Current portion S/(000)	Non-current portion S/(000)	Total S/(000)
Bank loans (b)	638,512	892,664	1,531,176	820,343	58,480	878,823
Bonds (17.1)	140,781	1,209,408	1,350,189	132,138	930,029	1,062,167
Commercial paper (c)	143,602	-	143,602	-	-	-
Finance leases (17.2)	3,081	9,234	12,315	870	304	1,174
Finance of "call spread" premium (17.3)	1,787	7,771	9,558	1,627	9,559	11,186
	927,763	2,119,077	3,046,840	954,978	998,372	1,953,350

(b) The bank loans comprise:

	Original currency	Annual effective interest rate 2018	Annual effective interest rate 2017	Maturuty	2018 S/(000)	2017 S/(000)
Bank						
Banco de Crédito del Perú (b.1)	Soles	3.95%-4.60%	1.95% - 3.90%	Between January 2019 and January 2020	322,000	348,000
BBVA Banco Continental (b.1)	Soles	3.75%	1.99% -3.74%	January 2019	213,000	460,269
MUFG Bank Ltd. (b.1)	U.S. Dollars	L6M + 1.25% - L3M + 1.25%	L6M + 1.25%	Between March 2019 and April 2022	212,219	48,578
Sumitomo Corporation (b.2)	U.S. Dollars	L3M + 1.25%	-	April 2022	186,893	-
The Bank of Nova Scotia (b.2)	U.S. Dollars	L3M + 1.25%	-	April 2022	186,893	-
Banco Sabadell (b.2)	U.S. Dollars	L3M + 1.25%	-	April 2022	158,859	-
Scotiabank Perú (b.1)	U.S. Dollars	2.90%	-	March 2019	67,580	-
Banco Internacional IBK (b.1)	Soles	4.95%	-	November 2021	49,758	-
Banco Mercantil Santa Cruz (b.1)	Bolivianos	3.90%	-	Between January and March	33,062	-
JP Morgan Chase Bank (b.2)	U.S. Dollars	L3M + 1.25%	-	April 2022	28,034	-
Banco de Crédito de Bolivia (b.1)	Bolivianos	3.50% - 3.80%	-	Between January 2019 and February 2023	25,453	-
Scotiabank Perú (b.1)	Soles	3.88%	-	February 2019	25,000	-
Banco Nacional Bolivia (b.1)	Bolivianos	3.80%	-	March 2019	13,614	-
BDMG / Citibank / IBM (b.1)	Brazilean Reales	2.50% - 8.70%	2.50% - 8.70%	Between April 2017 and December 2023	8,454	11,801
Bank of America (b.1)	U.S. Dollars	-	L3M + 1.70%	April 2018	-	9,485
Banco do Brasil (b.1)	Brazilean Reales	4.50% - 8.70%	4.50% - 14.0%	Between September 2019 and November 2021	357	690
					1,531,176	878,823

(b.1) Bank loans were used mainly for working capital.

(b.2) These bank loans were used for the acquisition of Sociedad Aceitera del Oriente S.R.L. on July 24, 2018, through Alicorp Inversiones S.A.

(b.3) Interest expense accrued in 2018 related to debts with banking entities amounts to approximately S/53,642,000 (S/31,853,000 in 2017) and is presented in the "Financial expenses" caption of the consolidated statement of income, see note 32. Accrued interest pending payment as of December 31, 2018 amounts approximately to S/2,692,000 (S/7,459,000 as of December 31, 2017), see note 19(a).

(b.4) For the loans described above, the Company and its Subsidiaries must comply with certain restrictions, which mainly include the maintenance of financial ratios calculated based on the consolidated financial statements; which are presented below:

- Financial Debt /EBITDA: No higher than 3.5
- Debt Service coverage: No less than 1.60
- Equity: Minimum S/1,412,331,000
- Stand alone equity: Minimum S/1,426,597,500

In Management's opinion, the above mentioned financial ratios have been complied with at the dates of the consolidated financial statements.

(c) On October 25, 2018, the Company issued commercial paper for an amount of S/150,000,000 at a discount from face value (issued at 95.233 percent) with a term of 360 days. This first issuance of commercial paper made under the first program of corporate bonds and short-term instruments is designed for the refinancing of short-term debt.

Accrued interest expense in the year 2018, related to the commercial paper amounts to approximately S/1,203,000 and is presented in the caption "Financial expenses" of the consolidated statement of income, see note 32. Interest payable as of December 31, 2018 amounts to approximately S/1,138,000, see note 19(a).

(d) As of December 31, 2018 and 2017, payment schedules of financial liabilities are as follows:

	2018 S/(000)	2017 S/(000)
2018	-	954,978
2019	927,763	123,402
2020	428,888	4,394
2021	477,160	4,434
From 2022 to 2030	1,213,029	866,142
	3,046,840	1,953,350

17.1 Bonds

(a) This item is made up by:

	Maturity	Original currency	Annual nominal interest rate %	2018 Current portion S/(000)	2018 Non current portion S/(000)	2018 Total S/(000)	Curre S
Senior Notes (b)	March, 2023	U.S. Dollars	3.875	-	209,453	209,453	
Corporate Bonds							
				-	499,365	499,365	
Third program of corporate bonds – Second issuance, series A (c)	January, 2030	Soles	7.000	70,250	-	70,250	
Third program of corporate bonds – Third issuance, series A (c)	March, 2019	Soles	6.844	-	159,740	159,740	
Third program of corporate bonds – Fourth issuance, series A (c)	March, 2023	Soles	7.813	-	-	-	1
Third program of corporate bonds – Fifth issuance, series A (c)	July, 2018	Soles	4.906	-	219,403	219,403	
First program of corporate bonds – First issuance, series A (d)	October, 2024	Soles	6.500				
Bonos IASA (e)							
Bonos IASA II – First issuance	April 2019	Bolivianos	6.000	3,398	-	3,398	
Bonos IASA II – Second issuance	October 2019	Bolivianos	6.000	6,525	-	6,525	
Bonos IASA III – First issuance	January 2019	U.S. Dollars	5.500	4	-	4	
Bonos IASA III – Second issuance	October 2019	Bolivianos	5.500	5,069	-	5,069	
Bonos IASA III – Third issuance	November 2019	U.S. Dollars	6.250	7	-	7	
Bonos IASA III – Fifth issuance	November 2021	Bolivianos	5.500	13,497	19,360	32,857	
Bonos IASA III – Sixth issuance	January 2022	Bolivianos	5.000	18,331	59,974	78,305	
Bonos IASA IV – First issuance	June 2022	Bolivianos	4.000	23,700	42,113	65,813	
				140,781	1,209,408	1,350,189	1

(b) On March 15, 2013, the Company issued bonds in the international market for US$450,000,000 under 144A Rule and Regulation S. These bonds will be redeemed at maturity in M annually.

During 2015, the Company made private offers to buy these international bonds in order to reduce exposure to fluctuations in the exchange rate, at the end of which it acquired US effect of these operations in 2015 was a gain of S/16,185,000 that was presented in the caption "Finance income".

On July 27, 2016, Management approved a new private purchase for a total of US$400,000 of the principal amount of the bonds and generated a gain of S/27,000 in 2016, see no the balance of the debt amounts to US$62,382,000.

The Company is required to comply with the following restrictions, which do not involve financial ratios:

- Obtain or take cash loan debts that are secured by a pledge except as permited;
- Perform sale transactions and leaseback of any asset of the Company and its Subsidiaries;
- Participate in mergers, consolidations and transfer of substantially all assets of the Company and its Subsidiaries

As of December 31, 2018 and 2017, Management considers having complied with these restrictions.

The Company contracted derivative financial instruments (call spread and "swap" coupons) to hedge exchange rate fluctuations of this debt, see detail in note 24(d).

(c) The bonds issued by the Company as part of the third corporate bonds program comprise:

	Issuance date	Initial amount S/(000)	Payment of interest
Second issuance, series A	22.01.2015	500,000	Semi-annually
Thrid issuance, series A	23.03.2016	70,262	Semi-annually
Forth issuance, series A	23.03.2016	159,953	Semi-annually
Fifth issuance, series A	14.07.2017	138,902	At expiration

(d) On October 25, 2018, the Company issued corporate bonds for an amount of S/219,790,000 for a term of 6 years, with interest payable semi-annually at an interest rate of 6.5 percent. This first issuance of bonds and short-term instruments program was used to refinance short-term debt.

(e) On January 29, 2009, the General Shareholders meeting of Industrias de Aceite S.A. approved the IASA bonds program issuance, according to the commercial code, the securities market law and its respective regulation. The description of these bonds is as follows:

	Issuance date	Initial amount BOB(000)	Inicial amount US$(000)	Balance as of December 31, 2018 S/(000)	Payment of interest
Bonos IASA II – First issuance	31.05.2012	70,000	-	3,398	Semi-annually
Bonos IASA II – Second issuance	03.12.2012	67,200	-	6,525	Semi-annually
Bonos IASA III – First issuance	28.02.2013	-	20,000	4	Semi-annually
Bonos IASA III – Second issuance	22.11.2013	52,200	-	5,069	Semi-annually
Bonos IASA III – Third issuance	30.12.2013	-	15,000	7	Semi-annually
Bonos IASA III – Fifth issuance	18.12.2015	69,600	-	32,857	Semi-annually
Bonos IASA III – Sixth issuance	25.02.2016	170,520	-	78,305	Semi-annually
Bonos IASA IV – First issuance	30.06.2017	173,304	-	65,813	Semi-annually

For these bonds Industrias de Aceite S.A. must comply with the following restrictions:

- Debt service coverage, calculated as current assets + EBITDA / current portion of financial debt: minimum 2.5 times
- Debt to equity ratio, calculated as total debt/equity máximum 2.2 times.
- Current ratio calculated as Current assets / Current liabilities: mínimum 1.15 times

As of December 31, 2018, in Management's opinion, the above mentioned financial ratios have been complied with.

(f) During the years 2018 and 2017, accrued interest expense related to bonds amounted to approximately S/72,127,000 and S/69,365,000, respectively, which are presented in "Financial expenses" in the consolidated statement of income, see note 32. Accrued interest payable as of December 31, 2018 approximately S/27,058,000 (S/25,478,000 as of December 31, 2017) and is recognized in the "Other accounts payable" in the consolidated statements of financial position, see note 19(a), and generate exchange difference amounting to S/101,000.

17.2 Finance leases

(a) As of December 31, 2018 and 2017, the Company and its Subsidiaries hold leases, mainly in U.S. Dollars and Brazilian reais, at rates between 4.45 to 4.95 percent and between 4.78 to 5.98 percent, respectively; with maturities between March 2019 and September 2021. Interests are paid monthly. Additionally, the Company holds a lease in Soles at a rate of 4.25 percent. This lease is in the pre-leasing stage and will be activated in six months starting from August 2018.

Interest expense accrued in 2018 related to finance leases amounts to approximately S/301,000 and is presented under "Financial expenses" in the consolidated statement of income, see note 32. Interest accrued pending payment as of December 31, 2018 amounts to approximately S/107,000, see note 19 (a).

(b) The present values of the future minimum lease payments are as follows:

	2018 S/(000)	2017 S/(000)
Until 1 year	3,389	895
From 2 to 3 years	9,748	331
Total payable including financial charges	13,137	1,226
Less – financial charges to be applied to profit or loss of future years	(822)	(52)
Present value	12,315	1,174

17.3 Finance of call spread premium

As of December 31, 2018 and 2017, the balance corresponds to the liability payable of the extensions of the "call spread" contracts executed on April 18, 2016, April 27 and December 22, 2015, see note 24(d):

				2018			2017		
Bank	Maturity	Original currency	Annual nominal interest rate	Current portion S/(000)	Non-current portion S/(000)	Total S/(000)	Current Portion S/(000)	Non-current portion S/(000)	Total S/(000)
JP Morgan	March 2023	U.S. Dollar	3.785	689	2,906	3,595	636	3,596	4,232
Bank of América	March 2023	U.S. Dollar	3.785	1,098	4,865	5,963	991	5,963	6,954
				1,787	7,771	9,558	1,627	9,559	11,186

Accrued interest expense in the period 2018, related to the financing of call spread premiums, is approximately S/1,002,000 (S/1,152,000 in the year 2017) and is presented in "Finance costs" in the consolidated income statements, see note 32. From this total, accrued interest pending payment as of December 31, 2018 is approximately S/261,000 (S/305,000 as of December 31, 2017), see note 19(a).

18. Trade payables

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)
Trade payables (b)	1,727,222	1,453,195
Related parties, note 34(b)	32,746	39,787
Total	1,759,968	1,492,982

(b) The trade payables are mainly denominated in Soles, U.S. Dollars, Argentinean pesos and Brazilian reais, have current maturity, do not bear interest and have no specific guarantees.

(c) The Company and its Subsidiaries offer their suppliers a program for paying bills through financial institutions. This program allows suppliers to sell their receivables to financial entities in a separate agreement between the supplier and the financial entity, allowing suppliers to better manage their cash flows and the Company reduces payment processing costs. The Company and Subsidiaries have no direct financial interest in these transactions. All liabilities of the Company and Subsidiaries with their suppliers, including outstanding balances are maintained according to the contractual arrangements with them. As of December 31, 2018 and 2017, the balances related to these operations amounted to S/279,858,000 and S/231,215,000, respectively.

19. Other payables

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)
Financial liabilities		
Financing interests, note 17	31,256	33,242
Discounts to customers	17,239	11,517
Advance payments received	7,595	3,216
Public services	5,650	4,950
Advertising	3,542	2,075
Broker	1,886	1,133
Dividends	1,236	1,087
Purchase of Industrias Teal S.A. shares (b)	-	11,209
Other	18,947	9,861
Total financial liabilities, note 39(a)	87,351	78,290
Taxes payable	52,197	41,599
Total	139,548	119,889

(b) As of December 31, 2017, corresponds to the balance of payments to former shareholders of Industrias Teal S.A., a subsidiary that was acquired by the Company in 2013. According to the terms agreed in the contract, the Company paid the remaining balance in 2018, applying an effective annual interest rate of 5 percent.

20. Employee benefit liabilities

(a) This item consists of the following:

	Current		Non-current	
	2018 S/(000)	2017 S/(000)	2018 S/(000)	2017 S/(000)
Employee profit sharing (b)	90,113	82,800	-	-
Vacations payable	37,080	27,486	-	-
Performance bonus (c)	33,008	33,714	137	3,880
Remunerations payable	12,802	3,030	-	-
Social contributions	12,314	11,790	-	-
Severance indemnity	4,595	4,246	3,150	2,004
Antiquity bonus (d)	-	-	21,766	-
Total	189,912	163,066	25,053	5,884

(b) The following table shows the movement of employee profit sharing for years 2018 and 2017:

	2018 S/(000)	2017 S/(000)
Opening balances	82,800	57,992
Acquisitions	343	-
Payments for the year	(86,162)	(58,503)
Employee profit sharing for the year	92,259	85,549
Adjustments	873	(605)
Employee profit sharing paid in advance	-	(1,633)
Closing balances	90,113	82,800

(c) As of December 31, 2018 and 2017, corresponds to the estimate made by the Company's Management for the payment of bonuses granted to the employees and management for achieving the goals of the year.

(d) As of December 31, 2018, corresponds to a antiquity bonus granted to the employees of the subsidiaries in Bolivia for each 5 years of work.

21. Provisions

(a) The movement of this item is as follows:

	Opening balances S/(000)	Additions S/(000)	Deductions S/(000)	Closing balances S/(000)
As of December 31, 2018				
Judicial and labor contingencies	8,465	9,279	(8,134)	9,610
Tax contingencies	32,050	60,961	(17,969)	75,042
Total	40,515	70,240	(26,103)	84,652
As of December 31, 2017				
Judicial and labor contingencies	10,804	4,215	(6,554)	8,465
Tax contingencies	26,068	12,978	(6,996)	32,050
Total	36,872	17,193	(13,550)	40,515

(b) Current and non-current portion as of December 31, 2018 and 2017 is presented below:

	Current		Non-current	
	2018 S/(000)	2017 S/(000)	2018 S/(000)	2017 S/(000)
Tax contingencies	39,784	30,071	35,258	1,979
Judicial contingencies	-	98	176	161
Labor contingencies	881	3,653	8,553	4,553
Total	40,665	33,822	43,987	6,693

22. Income tax

(a) Income tax expense from continuing operations as of December 31, 2018, 2017 and 2016 is comprised of:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Current			
In Peru	170,388	170,383	121,650
In other countries	66,310	39,826	25,530
	236,698	210,209	147,180
Deferred			
In Peru	1,636	(16,991)	19,189
In other countries	(16,754)	(5,736)	(5,507)
	(15,118)	(22,727)	13,682
Total	221,580	187,482	160,862

Deferred income tax has been calculated on all temporary differences, considering the effective income tax rates where the Company's subsidiaries are located.

(b) As of December 31, 2018 and 2017, the Company and Subsidiaries have an income tax credit amounting to S/32,444,000 and S/20,167,000, and income tax payable of S/11,566,000 and S/51,794,000, respectively. During the years 2018 and 2017, income tax payments of S/306,024,000 and S/164,793,000, respectively, were made.

(c) The following table presents a summary of the Company and its Subsidiaries' deferred income tax as of December 31, 2018 and 2017:

	2018 S/(000)	2017 S/(000)
Deferred assets		
Provisions	47,613	37,331
Carry-forward tax losses	36,211	43,920
Intangible assets	29,968	-
Unrealized gain	6,959	5,863
Inventories	2,502	3,142
Fair value of hedging instruments	853	2,450
Others	5,679	5,156
Total deferred assets	129,785	97,862
Deferred liabilities		
Difference in depreciation rates	(242,136)	(164,346)
Intangible assets	(186,052)	(133,394)
Unrealized gain on investments at fair value through OCI	(79,429)	(68,534)
Indemnity assets	(4,226)	-
Fair value of financial liabilities	(3,806)	-
Fair value of hedging instruments	(844)	(1,860)
Others	(21,900)	(11,055)
Total deferred liabilities	(538,393)	(379,189)

Due to the decrease in the income tax rate in Argentina and the increase in the income tax rate in Chile and Ecuador, as indicated in note 33(a), in the period 2017 there was a net decrease in deferred assets of approximately S/5,940,000, which has been recorded in the caption "Income tax" in the consolidated statement of income.

(d) The reconciliation between the effective income tax rate and the legal tax rate for the years 2018 and 2017 is as follows:

	2018		2017	
	S/(000)	%	S/(000)	%
Pretax profit	678,729	100.00	637,373	100.00
Theoretical tax expense	(200,225)	29.50	(188,025)	29.50
Effect on (income) expense not deductible – Alicorp S.A.				
Permanent additions	(14,721)	2.17	(8,184)	1.28
Permanent deductions	4,726	(0.70)	12,421	(1.95)
Effect of changes in tax rates	-	-	(5,940)	0.93
Effect on (income) expense not deductible – Subsidiaries	(11,360)	1.67	2,246	(0.35)
Effective income tax rate	(221,580)	32.65	(187,482)	29.41

23. Equity

(a) Issued capital -

As of December 31, 2018 and 2017, the issued capital is represented by 847,191,731 common shares of S/1.00 par value, each one fully authorized, issued and paid.

The common shares of the Company are listed on the Lima Stock Exchange. As of December 31, 2018, its market value was S/9.95 per share (S/10.60 as of December 31, 2017).

The share structure of the Company as of December 31, 2018 and 2017; was as follows:

	2018		2017	
	Shareholders N°	**Equity interest** %	**Shareholders** N°	**Equity interest** %
Individual equity interest of issued capital (in %):				
Until 1.00	1,479	22.54	1,393	26.15
From 1.01 to 5.00	12	30.64	10	25.01
From 5.01 to 10.00	3	24.47	5	37.80
From 10.01 to 20.00	2	22.35	1	11.04
	1,496	100.00	1,409	100.00

(b) Investment shares -
As of December 31, 2018 and 2017, investment shares comprise 7,388,470 shares with a par value of S/1.00 each.

The market value of the investment shares amounts to S/8.30 per share as of December 31, 2018 (S/9.30 as of December 31, 2017).

Investment shares have the same rights as common shares and give their holders a preferential distribution of dividends according to their nominal value (this preference has not been defined by law).

(c) Other capital reserves -
In accordance with the Corporations Act, the legal reserve is incorporated transferring at least 10 percent of net income each year, after deducting accumulated losses, until it reaches an amount equivalent to one fifth of the capital. In the absence of earnings or freely available reserves, the legal reserve must be applied to offset losses, but must be replaced. The legal reserve may be capitalized, but must also be replaced.

Additionally, this item also includes the result of the share-based payment plan, see paragraph (d).

(d) Share-based payment -
As of December 31, 2018 and 2017, "Other capital reserves" includes an amount of approximately S/1,898,000 and S/789,000, respectively, corresponding to the fair value of the shares granted by the Company to certain executives. During the years 2018 and 2017, the Company recognized an expense of approximately S/4,494,000 and S/789,000, respectively in the consolidated statement of income.

(e) Dividend distribution -
In the General Shareholders' meeting held on March 27, 2018, a distribution of dividends for S/205,099,000, was agreed, equivalent to approximately S/0.24 per share, which were paid in May 25, 2018.

In the General Shareholders' meeting held on March 30, 2017, a distribution of dividends for S/119,641,000 was agreed, equivalent to approximately S/0.14 per share, which were paid on May 26, 2017. Also, according to the Ordinary General Shareholders' meeting of the subsidiary Inbalnor S.A. held on December 8, 2017, a distribution of dividends for US$8,838,000 was agreed in proportion to shareholding, from which US$2,209,000 (equivalent to S/7,158,000) was distributed and paid to the non-controlling interest.

24. Derivative financial instruments

(a) As of December 31, 2018 and 2017, derivative financial instruments are as follows:

Entity	Notional amount		Maturity / Settlement		Book value of the hedged item		2018 Fair value	
	2018 (000)	2017 (000)	2018 S/(000)	2017 S/(000)	2018 S/(000)	2017 S/(000)	Asset S/(000)	Liability S/(000)
Derivatives for financial operations -								
***Cash flow hedges* -**								
Call spread and coupon swap								
Call spread contracts (d)	US$62,782	US$62,782	March 2023	March 2023	212,140	202,430	15,226	-
Swaps								
Coupon swap contracts (d)	US$50,000	US$50,000	March 2023	March 2023	168,950	162,250	2,702	-
Cross currency swap contract (h)	-	US$2,923	-	April 2018	-	9,485	-	-
Cross currency swap contract (h)	US$39,375	US$42,000	July 2022	July 2022	133,048	136,290	15,017	-
Forwards								
Exchange rate forwards (e)	US$251,819	US$131,058	Up to July 2019	Up to April 2018	-	-	14,746	2,609
Trading -								
Exchange rate options (e)	US$106,215	US$113,558	Up to July 2019	Up to April 2018	-	-	-	1,879
Sub-total							47,691	4,488
Commodity derivatives -								
***Fair value hedge* -**								
Futures and options (f)			April 2019	April 2018			6,737	3,656
Swap contracts (f)			April 2019	April 2018			164	987
Trading -								
Futures and options (g)			April 2019	February 2018			-	621
Swap contracts (g)			April 2019	February 2018			576	1,738
Sub-total							7,477	7,002
Total							55,168	11,490

(b) The presentation of derivatives in the consolidated statements of financial position as of December 31, 2018 and 2017 is as follows:

	2018			2017		
	Current S/(000)	**Non-current** S/(000)	**Total** S/(000)	**Current** S/(000)	**Non-current** S/(000)	**Total** S/(000)
Asset	39,942	15,226	55,168	13,217	11,459	24,676
Liability	11,490	-	11,490	7,302	1,607	8,909

(c) The effects of the time value of options and the ineffective portion of the hedging derivatives and the results of the trading derivatives in the consolidated statements of income for the years 2018 and 2017 are presented in the next chart. Also, the chart shows the balance of the effective portion of the hedging derivatives that are held in OCI as of December 31, 2018 and 2017:

	2018		2017		2016	
	Effect on profit (loss) S/(000)	**OCI profit (loss)** S/(000)	**Effect on profit (loss)** S/(000) (Restated note 4.3)	**OCI profit (loss)** S/(000) (Restated note 4.3)	**Effect on profit (loss)** S/(000) (Restated note 4.3)	**OCI profit (loss)** S/(000) (Restated note 4.3)
Commodity derivatives						
Hedging derivatives	(1,086)	1,655	895	(3,711)	(653)	(1,655)
Hedging derivatives	4,354	-	221	-	(593)	-
	3,268	1,655	1,116	(3,711)	(1,246)	(1,655)
Exchange rate derivatives (note 32)						
Exchange rate forwards	(56,532)	(1,333)	(28,916)	(1,413)	(15,352)	(1,849)
Exchange rate options	3,201	-	9,923	-	12,367	-
Call spread contracts (d)	(1,915)	-	(1,947)	-	(1,825)	-
Coupon swaps contract (d)	298	(1,552)	101	1,888	150	(934)
Cross swap contracts (h)	(5,056)	(3,179)	(12,479)	4,816	(15,657)	(8,360)
	(60,004)	(6,064)	(33,318)	5,291	(20,217)	(11,143)

The effect on OCI does not include deferred income tax of S/4,759,000 and S/645,000 as of December 31, 2018 and 2017, respectively. Additionally, in 2018 the effective portion of the hedging derivatives, which are initially recorded in OCI, has been recognized affecting the same caption as the hedged item; mainly as a decrease in exchange loss of approximately S/175,187,000 (S/3,579,000 in 2017), see note 39(b)(i) and the cost of inventories by approximately S/18,048,000 (S/12,203,000 in 2017).

(d) Call spread contracts and coupon swaps–

Call spread -

In June 2013, the Company's Management contracted a "call spread" and a "swap" of coupons for US$225,000,000 each. Subsequently, in December of that same year, it contracted a new "call spread" and "swap" of coupons each for US$50,000,000, which in total covered 61 percent of the exposure in foreign currency originated by the issuance of the international bond in March 2013. These instruments covered variations in the exchange rate up to the limit of S/3.15 per US$1. These contracts were cancelled in 2015, after the repurchases made of the international bonds, see note 17.1(b).

At the end of 2015, only two call spread contracts and swap of coupons for US$50,000,000 were in force, acquired in that same year, that covered the variations in the exchange rate up to the limit of S/3.60 per US$1.

During the year 2016, the following operations were carried out in relation to this type of derivatives:

Date	Transaction	Notional amount (000)	Range of exchange rate of US$
	Call spread -		
	Opening balance -		
	- Bank of America	US$50,000	S/3.15 - S/3.40
	- JP Morgan	US$50,000	S/3.40 - S/3.60
	New contracts -		
18.04.2016	- Bank of America	US$12,782	S/3.28 - S/3.60
	Closing balance -		
	- Bank of America	US$50,000	S/3.15 - S/3.40
	- JP Morgan	US$50,000	S/3.40 - S/3.60
	- Bank of America	US$12,782	S/3.28 - S/3.60

For new contracts, the price paid was financed in installments, giving rise to a liability for the instrument, see note 17.3. The maturity of contracts in force is March 20, 2023.

In the years 2018 and 2017, no new transactions were carried out in relation to this type of derivatives.

Coupon swaps -
The detail of the coupon swaps as of December 31, 2018 and 2017 is as follows:

Entity	Notional amount (000)	Agreed rate %
Alicorp S.A.A.	S/138,625	4.360
Bank of America	US$50,000	3.785

(e) The Company and its Subsidiaries has entered into exchange rate forwards, together with put options to reduce the cost of these transactions. The characteristics of the forward operations are:

Entity	Number of contracts	Notional amount US$(000)	Maturity	Forward exchange rate S/	Forward exchange rate ARS $	Forward exchange rate EUR
2018						
Citibank	5	30,022	February – July 2019	3.2965/3.3755	40.2900	-
JP Morgan	4	27,194	January – May 2019	3.2852/3.3651	42.7050	-
BBVA Banco Continental	7	70,336	February – july 2019	3.2857/3.3714	-	-
The Bank of Tokyo-Mitsubishi UFJ	1	20,000	January -2019	-	-	1.14445
Banco Santander	6	70,966	March – June 2019	3.2940/3.3550	-	-
Sumitomo Mitsui Banking Corporation	1	29,250	June 2019	3.3155	-	-
BNP Paribas	2	4,050	February 2019	-	40.00/43.90	-
2017						
Citibank	3	12,836	February - March 2018	3.2419 / 3.2599	-	-
JP Morgan	9	45,520	January - February 2018	3.2305 / 3.2750	17.805 / 19.735	-
Deutsche Bank	1	3,000	January 2018	3.2779	-	-
BBVA Banco Continental	4	19,598	January - February 2018	3.2360 / 3.2587	-	-
Banco de Crédito del Perú	3	9,483	January – March 2018	3.2397 / 3.2648	-	-
Bank of America	1	4,500	January 2018	-	18.72	-
Goldman Sachs	2	4,500	January - April 2018	-	17.56 / 19.12	-
The Bank of Tokyo-Mitsubishi UFJ	3	9,258	January - February 2018	3.2524 / 3.2599	-	-
Banco Santander	6	14,363	January – March 2018	3.2413 / 3.2514	-	-
Sumitomo Mitsui Banking Corporation	2	8,000	January 2018	3.2762 / 3.2791	-	-

As of December 31, 2018 and 2017, the fair value of forwards is presented separately between the asset and the liability position.

These forwards are related to short-term liabilities with the same maturity and are designated as hedges. Additionally, the Company sold options that limit the coverage in these derivatives, as detailed below by financial entity:

Entity	Number of contracts	Notional amount US$(000)	Maturity	Exchange rate S/	Forward exchange rate ARS $	Fair value S/(000)
2018						
Citibank	4	27,969	February - July 2019	3.39/3.45	-	331
JP Morgan	3	22,694	February - May 2019	3.36/3.42	-	552
BBVA Banco Continental	5	26,086	January - july 2019	3.36/3.45	-	536
Banco Santander	4	29,466	March - April 2019	3.39/3.40	-	460
						1,879
2017						
Citibank	3	12,836	February - March 2018	3.32	-	93
JP Morgan	9	32,520	January - February 2018	3.26 / 3.30	18.00 / 19.90	1,096
Deutsche Bank	1	3,000	January 2018	3.4	-	1
BBVA Banco Continental	4	19,598	January - February 2018	3.27 / 3.32	-	155
Banco de Crédito del Perú	3	9,483	January - March 2018	3.30 / 3.38	-	74
Goldman Sachs	2	4,500	January - April 2018	-	17.56 / 19.12	447
The Bank of Tokyo-Mitsubishi UFJ	3	9,258	January - February 2018	3.30 / 3.32	-	58
Banco Santander	6	14,363	January - March 2018	3.30 / 3.32	-	169
						2,093

Despite being related to previous contracts, by their nature these derivatives qualify as trading under IFRS 9. Both instruments cover the whole exchange risk only to the limit of the exchang rate options.

(f) Hedge futures, options and swaps contracts -

The Company and its Subsidiaries carried out hedging operations with respect to the prices of wheat, oil and raw material used for the manufacture of their products. For this purpose, they used futures, options and swaps contracts in markets related to specific raw materials. The operations are carried out through international brokers. Open positions and changes in the market price are covered with its own resources, see note 7.

As of December 31, 2018, current contracts have maturities until April 2019 (until April 2018 as of December 31, 2017). The composition of open operations as of December 31, 2018 and 2017 is as follows:

	2018		2017	
	Metric Tons	Fair Value S/(000)	Metric tons	Fair Value S/(000)
Assets -				
Perú -				
Purchase contracts:				
Wheat	146,828	1,818	164,546	2,746
Soybean oil	780,000	394	-	-
Soybean flour	24,585	336	33,286	1,150
Palm oil	6,040	377	-	-
Sub-total		2,925		3,896
Uruguay -				
Purchase contracts				
Wheat	20,412	309	-	-
Soybean flour	22,770	202	-	-
Soybean oil	19,958	71	-	-
Sale contracts:				
Soybean flour	52,345	577	-	-
Soybean oil	26,581	577	-	-
Sub-total		1,736		-

	2018		2017	
	Metric Tons	Fair Value S/(000)	Metric tons	Fair Value S/(000)
Bolivia-				
Purchase contracts:				
Soybean	144,514	1,545	-	-
Soybean oil	33,611	513	-	-
Soybean flour	28,939	143	-	-
Sale contracts:				
Soybean	2,041	3	-	-
Soybean oil	680	5	-	-
Soybean flour	2,994	31	-	-
Sub-total		2,240	-	-
Total asset		6,901		3,896
Liability -				
Perú -				
Purchase contracts:				
Wheat	54,431	(777)	61,235	(1,377)
Soybean oil	240,000	(210)	-	-
Soybean flour	2,177	(9)	1,996	(9)
Palm oil	-	-	6,000	(942)
Sale contracts:				
Wheat	140,024	(631)	17,010	(104)
Soybean oil	360,000	(521)	-	-
Soybean flour	26,943	(105)	-	-
Sub-total		(2,253)		(2,432)
Uruguay -				
Purchase contracts:				
Soybean oil	6,622	(40)	-	-
Soybeal flur	39,281	(257)	-	-
Sale contracts:				
Wheat	20,412	(101)	-	-
Soybean oil	6,622	(31)	-	-
Soybean flour	7,439	(14)	-	-
Sub-total		(443)		-

	2018		2017	
	Metric Tons	Fair Value S/(000)	Metric tons	Fair Value S/(000)
Bolivia-				
Purchase contracts:				
Soybean oil	8,001	(215)	-	-
Soybean flour	5,806	(53)	-	-
Sale contracts:				
Soybean	116,074	(1,341)	-	-
Soybean oil	15,377	(158)	-	-
Soybean flour	23,043	(180)	-	-
Sub-total		(1,947)		-
Total liability		(4,643)		(2,432)

As of December 31, 2018, the fair value of these contracts as a whole (assets minus liabilities) includes a net asset value of approximately S/376,000, corresponding to the time value of these options (net asset value of approximately S/2,503,000 as of December 31, 2017) and net liability value of approximately S/1,073,000 which corresponds to the intrinsic value (net asset of S/1,039,000 as of December 31, 2017).

(g) Trading future, options and swaps –

The Company and its Subsidiaries performed operations with trading derivatives related to the volatility in the prices of wheat and soy flour using futures, options and swaps contracts. As of December 31, 2018, current contracts have maturities until April 2019 (until February 2018 as of December 31, 2017).

The composition of open operations as of December 31, 2018 and 2017 is as follows:

	2018		2017	
	Metric Tons	Fair value S/(000)	Metric tons	Fair value S/(000)
Asset -				
Perú -				
Purchase contracts:				
Wheat	-	-	40,823	25
Soybean flour	-	-	1,996	27
Sale contracts:				
Wheat	81,238	574	68,855	657
Soybean flour	4,536	2	-	-
Total asset		576		709
Liability -				
Perú -				
Purchase contracts:				
Wheat	102,739	(1,545)	28,032	(269)
Soybean flour	4,536	(70)	-	-
Sale contracts:				
Wheat	101,242	(495)	-	-
Soybean oil	30,000	(61)	-	-
Soybean flour	4,990	(37)	-	-
Sub-total		(2,208)		(269)
Uruguay -				
Purchase contracts:				
Wheat	13,608	(115)	-	-
Soybean flour	7,439	(36)	-	-
Sub-total		(151)		-
Total liability		(2,359)		(269)

(h) Cross currency swap of Pastificio Santa Amalia -

As of December 31, 2018 and 2017, Pastificio Santa Amalia S.A. had "cross currency swap" contracts, which were designated as hedges of cash flows to reduce the risk of variations in the exchange rate and the interest rate of debts held at those dates, by exchanging variable rate for a fixed/variable rate and setting a fixed exchange rate with such institution for a notional amount of US$39,375,000. The characteristics of these operations are:

		Notional amount as of December 31,	
Entity	**Maturity**	**2018** US$(000)	**2017** US$(000)
Banco Santander	July 15, 2022	39,375	42,000
Bank of America Merril Lynch	April 05, 2018	-	2,923
		39,375	44,923

In all cases, Pastificio Santa Amália S.A. exchanges Brazilian reais for U.S. dollars at a fixed exchange rate and receives the interests at a variable rate by paying a fixed rate and variable rate.

In 2018, Pastificio Santa Amalia S.A. recorded a higher interest expense for their existing contracts up to S/4,816,000 (S/20,158,000 in 2017), which is presented under "Financial expenses" in the consolidated statement of income.

Also, in the month of July 2017, Pastificio Santa Amalia S.A. cancelled 3 contracts early and recorded a net loss of S/7,679,000, which is presented under "Financial expenses" in the consolidated statement of income, see note 32.

25. Revenue from contracts wit customers

This item is made up by:

	Consumer products S/(000)	B2B S/(000)	Aquafeed S/(000)	Crushing S/(000)	Other S/(000)	Total S/(000)
2018						
Types of goods and services -						
Revenue from the sale and delivery of goods	4,048,558	1,582,932	2,067,877	561,647	4,169	8,265,183
Revenue from technical advisory services	15	3,395	19,654	-	-	23,064
Royalties	297	158	-	-	-	455
Total	4,048,870	1,586,485	2,087,531	561,647	4,169	8,288,702
Timing of revenue recognition						
Goods and services transfered at a point in time	4,048,855	1,583,090	2,067,877	561,647	4,169	8,265,638
Goods and services transfered over time	15	3,395	19,654	-	-	23,064
Total	4,048,870	1,586,485	2,087,531	561,647	4,169	8,288,702

	Consumer products S/(000)	B2B S/(000)	Aquaculture S/(000)	Milling S/(000)	Other S/(000)	Total S/(000)
2017						
Types of goods and services -						
Revenue from the sale and delivery of goods	3,689,168	1,500,047	1,739,171	-	-	6,928,386
Revenue from technical advisory services	-	3,246	17,181	-	-	20,427
Royalties	296	156	-	-	-	452
Total	3,689,464	1,503,449	1,756,352	-	-	6,949,265
Types of goods and services -						
Goods and services transfered at a point in time	3,689,464	1,500,203	1,739,171	-	-	6,928,838
Goods and services transfered over time	-	3,246	17,181	-	-	20,427
Total	3,689,464	1,503,449	1,756,352	-	-	6,949,265

	Consumer products S/(000)	B2B S/(000)	Aquaculture S/(000)	Milling S/(000)	Other S/(000)	Total S/(000)
2016						
Types of goods and services -						
Revenue from the sale and delivery of goods	3,575,324	1,454,245	1,430,055	-	1,412	6,461,036
Revenue from technical advisory services	-	2,923	11,752	-	-	14,675
Royalties	287	150	-	-	-	437
Total	3,575,611	1,457,318	1,441,807	-	1,412	6,476,148
Types of goods and services -						
Goods and services transfered at a point in time	3,575,611	1,454,395	1,430,055	-	1,412	6,461,473
Goods and services transfered over time	-	2,923	11,752	-	-	14,675
Total	**3,575,611**	1,457,318	1,441,807	-	1,412	6,476,148

26. Cost of sales

(a) This ítem is made up by:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Initial balance of inventories	750,450	710,520	929,551
Initial balance of inventories of subsidiaries acquired, see note 3	557,331	-	-
Purchase of inventories	5,655,736	4,381,747	3,952,606
Final balance of inventories, note 9(a)	(1,340,587)	(750,450)	(710,520)
Allowance for obsolescence of inventories, nota 9(b)	10,296	24,355	13,194
Recoveries and use of allowance of inventories, note 9(b)	(11,638)	(19,055)	(49,356)
Inflation adjustment	(26,424)	-	-
Inventory consumption	5,595,164	4,347,117	4,135,475
Personnel expenses, note 29(b)	311,231	298,792	281,327
Services rendered by third parties (b)	90,828	210,960	196,976
Depreciation, note 14(b)	145,962	116,743	126,723
Other management charges	82,877	45,956	52,529
Notarial destruction of inventories	13,215	17,915	15,640
Taxes	3,638	4,745	5,575
Amortization, note 15(b)	1,097	174	497
Total	6,244,012	5,042,402	4,814,742

(b) Corresponds mainly to maintenance and repair services, public services and plant leasings.

27. Selling and distribution expenses

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Services rendered by third parties (b)	364,369	354,052	399,780
Personnel expenses, note 29(b)	206,505	185,880	163,048
Other management charges	70,903	63,184	9,240
Receivables impairment allowance, notes 6(d) and 8(b)	16,437	21,601	17,655
Amortization, note 15(b)	10,898	2,943	3,010
Depreciation, note 14(b)	6,777	4,256	3,805
Taxes	5,447	1,689	1,310
Total	681,336	633,605	597,848

(b) Corresponds mainly to advertising and promotion services and commissions.

28. Administrative expenses

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Personnel expenses, note 29(b)	258,939	227,359	174,225
Services rendered by third parties (b)	226,613	169,593	148,178
Other management charges	58,930	28,230	17,561
Amortization, note 15(b)	25,234	27,751	26,843
Taxes	20,375	21,955	26,756
Depreciation, note 14(b)	12,807	12,447	12,568
Receivables impairment allowance, notes 6(d) and 8(b)	241	244	3,035
Total	603,139	487,579	409,166

(b) Corresponds mainly to consulting, advisory and operational services such as maintenance and repair. The expenses related to the acquisitions of Industrias de Aceite S.A. and Sociedad Aceitera del Oriente S.R.L. were included in the year 2018.

29. Personnel expenses

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Salaries and social contributions	579,371	516,883	476,522
Employee profit sharing	82,143	72,509	49,378
Severance indemnity	30,131	25,337	23,444
Incentive for resignation	20,007	34,999	14,380
Incentive to employees	10,555	7,789	6,718
Hired personnel	10,033	14,897	12,808
Training	9,093	6,381	3,984
Other personnel expenses	35,342	33,236	31,366
Total	776,675	712,031	618,600

(b) Personal expenses have been recorded in the following captions of the consolidated statements of income:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Cost of sales, note 26(a)	311,231	298,792	281,327
Selling and distribution expenses, note 27(a)	206,505	185,880	163,048
Administrative expenses, note 28(a)	258,939	227,359	174,225
Total	776,675	712,031	618,600

(c) The average number of employees in the Company and its Subsidiaries was 7,577 in 2018, 6,456 in 2017 and 6,892 in 2016.

30. Other income and expenses, net

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Other income			
Recovery of impaired receivables (d), notes 6(d) and 8(b)	31,962	2,222	3,368
Tax refund (c)	2,177	3,199	6,701
Other income	684	-	-
Leases	606	1,364	4,240
Reduction of tax obligations (b)	-	4,478	-
Customer penalties	-	-	660
Research and development services	-	-	399
Total	35,429	11,263	15,368
Other expenses			
Impairment of goodwill, fixed assets and intangible assets	5,125	-	-
Contingencies, note 38	3,942	11,832	5,635
Value added tax for gifts and bonuses	2,825	3,992	4,610
Other expenses	-	4,397	5,078
Net loss on disposal of fixed assets and assets held for sale (e)	746	33,259	7,977
Assumed tax penalties and taxes	-	1,060	1,981
Impairment loss on inoperative plants, note 14(a)	-	446	4,175
Expenses on companies reorganization (f)	-	-	6,782
Total	12,638	54,986	36,238
Net	22,791	(43,723)	(20,870)

(b) Corresponds, mainly, to the recovery of a tax contingency registered in 2016 by the subsidiary Alicorp Honduras S.A., due to the amnesty process approved by the Government of that country in the year 2017.

(c) In the years 2018, 2017 and 2016, the return of taxes mainly corresponds to recoveries of PIS / COFINS tax credits from Pastificio Santa Amália S.A. in the months of April and June of 2018 and January and November of 2017, respectively.

(d) In the year 2018, correspond mainly to the recovery of accounts receivables of Vitapro Chile S.A. for approximately S/20,937,000.

(e) During 2018, the Company made disposals and sales of property, plant and equipment for a net cost of S/4,540,000, see note 11(b) and 14(g); the related income of the sale of these assets was S/3,794,000. In 2017, this item includes, mainly, the missing items identified during the physical inventory carried out by the Company and its local Subsidiaries, for a net book value of approximately S/33,088,000, see note 14(g). Also, it includes the disposals and sales of "Assets held for sale, net" for a net cost of S/2,189,000, property, plant and equipment for S/1,006,000 and intangible assets for S/161,000, see notes 11(b), 14(a) and 15(a); the income related to the sale of these assets was S/3,185,000.

(f) Corresponds to expenses incurred in 2016 by the merger between Industrias Teal S.A. and Molinera Inca S.A.

31. Financial income

(a) This item is made up by:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Interest on bank deposits	31,500	30,643	4,212
Interest on loans and receivables	9,327	5,493	4,941
Dividends, note 12(d)	7,168	14,347	4,307
Incentives for foreign currency income (b)	6,819	-	-
Interest receivable from farmers (c)	5,751	-	-
Fair value of financial liabilities, note 3	2,971	-	-
Recoveries of tax interest	1,133	3,417	-
CEDEIM update recoveries	322	-	-
Present value of financial assets and liabilities – Argentina	19	704	-
Gain on repurchase of bonds, note 17.1(b)	-	-	27
Other financial income	3,668	1,279	396
Total	68,678	55,883	13,883

(b) Corresponds to incentives granted by the private banks of Bolivia to Industrias de Aceite S.A. and Sociedad Aceitera del Oriente S.R.L., for the acquisition of foreign currency in dollars.

(c) Corresponds to the interest generated from the loans granted by Industrias de Aceite S.A. and Sociedad Aceitera del Oriente S.R.L. to farmers who provide them with soybeans and sunflower seeds.

32. Financial expenses

This item is made up by:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Interest on bonds, note 17.1(f)	72,127	69,365	62,522
Results on exchange and interest rate derivatives, note 24(c)	60,004	33,318	20,317
Interest on bank overdrafts and loans, note 17(b.3)	53,642	31,853	64,051
Loss from cancellation of cross currency swap, note 24(h)	-	7,679	-
Tax interests	7,418	1,140	1,730
Commissions and banking services	6,189	5,538	5,764
Interest on escrow account Industrias Teal S.A.	3,184	-	-
Interest of commercial paper, note 17(c)	1,203	-	-
Interest on financing premium – "Call spread", note 17.3	1,002	1,152	1,227
Interest on financial leases, note 17.2(a)	301	-	-
Other	6,616	3,252	2,598
Present value of financial assets and liabilities – Argentina	-	-	880
Financial expenses for interest reduction - Brazil	-	-	87
Total	211,686	153,297	159,176

33. Tax situation

(a) The Company and its Subsidiaries are subject to taxation in the country in which they operate and are taxed on the basis of their non-consolidated profits. As of December 31, 2018 and 2017, the income tax rates on taxable income in the main countries in which the Company and its Subsidiaries operate are:

	Tax rates	
	2018 %	2017 %
Peru (i)	29.5	29.5
Brazil (ii)	34	34
Argentina (iii)	30	35
Ecuador (iv)	25	22
Colombia (v)	33	34
Chile (vi)	27	25.5
Spain	25	25
Honduras (vii)	30	30
Uruguay (viii)	25	25
Bolivia	25	-
México	30	-

(i) From 2017, in accordance with Legislative Decree No. 1261, the applicable income tax rate on taxable income, after deducting the employees profit sharing, is 29.5 percent.

(ii) The income tax rate reported in Brazil, includes 9 percent of social contribution tax.

(iii) Through Law 27,430 (B.O. December 29, 2017), it is established that the income tax rate for capital companies will be 30 percent for years starting on January 1, 2018 until December 31, 2019 and will be reduced to 25 percent for subsequent years.

(iv) Until 2017, the tax rate of companies in Ecuador was 22 percent. On December 29, 2017, the Organic Law for the Reactivation of the Economy, Strengthening of Dollarization and Modernization of Financial Management was published, in which the rate was increased to 25 percent for the years 2018 and hereafter.

(v) According to Law No. 1819 published on December 29, 2016, the Income Tax for Equity (CREE) has been unified to income tax. It has also been established that the income tax rate will be 34 percent in 2017 and 33 percent from 2018 hereafter.

(vi) According to the tax reforms issued in Chile, the income tax rate for the following years will be:

	Regime	
	Art. 14 Letter A	Art. 14 Letter B
Year	Tax rates	
2016	24.0%	24.0%
2017	25.0%	25.5%
2018 hereafter	25.0%	27.0%

While the companies did not express their intention to be taxed under the regime of Art. 14 letter "A" by an extraordinary shareholders meeting, the Law holds that, in default, it should be considered in the regime of ART. 14 Letter "B". Vitapro Chile S.A. has opted for the Regime established in Art. 14 Letter B.

(vii) The tax rate is 25 percent; however, if the subsidiary generates profits greater than one million lempiras, the rate increases by 5 percent.

(viii) In the case of Uruguay, the tax rate is applied on the ficta income that subsidiaries obtain from their trading operation according to the procedure established in Resolution DGI Nº51/997.

According to existing legislation in some countries as of December 31, 2018 and 2017, cash dividends for non-domiciled shareholders are taxable for income tax according to the following rates:

	Tax rates	
	2018 %	2017 %
Peru (i)	5.0	5.0
Colombia (ii)	5.0	5.0
Chile	35.0	35.0
Honduras	10.0	10.0
Uruguay	7.0	7.0
Mexico	10.0	-

(i) According to Legislative Decree No. 1261, legal entities not domiciled in Peru and natural persons are subject to the withholding of an additional tax on dividends received of 5.00 percent for the profits generated from 2017 whose distribution is made as of that date.

(ii) According to Law No. 1819 published on December 29, 2016, the dividend tax of 5 percent has been established as from fiscal year 2017.

(b) The transfer pricing rules are in force in Peru, Colombia, Ecuador, Chile, Brazil, Uruguay, Spain, Honduras, Bolivia, México and Argentina, and regulate that transactions with local and/or foreign related companies, countries with low or no taxation and / or non-cooperating, must be carried out at market values.

Taxation authorities have the right to request such information. Based on the analysis of operations of the Company and its Subsidiaries, Management and its legal counsels, believe that as a result of applying these standards, no significant contingencies will arise as of December 31, 2018 and 2017.

(c) The Tax Authority of each country is entitled to review and, if applicable, amend the annual income tax returns filed by the Company and each Subsidiary in the years following the year of filing the tax return.

In the case of Alicorp S.A.A., income tax returns and the value added tax of the years 2014 to 2018 are pending audit by the Taxation Authority in Peru. During 2018, tax authorities started the review of the 2013 income tax, which is still in process.

Also, the income tax and value added tax returns of the main Subsidiaries are subject to review by the taxation authorities of each country for the periods below:

	Period subject to review	
	Income tax	Value added tax
Foreign subsidiaries:		
Country		
Argentina	2014-2018	2014-2018
Brasil	2013-2018	2013-2018
Chile	2012-2018	2012-2018
Colombia	2013-2018	2013-2018
Ecuador	2015-2017	2015-2018
Spain	2014-2018	2014-2018
Honduras	2013-2018	2013-2018
Uruguay	2014-2018	2014-2018
Bolivia	2010-2018	2010-2018
Mexico	2018	2018
Domestic subsidiaries:		
Alicorp Inversiones S.A.	2014-2018	December 2014-2018
Consorcio Distribuidor Iquitos S.A.	2014-2018	December 2014-2018
Global Alimentos S.A.C.	2014-2018	December 2014-2018
Industrias Teal S.A.	2014-2018	December 2014-2018
Prooriente S.A.	2014-2018	December 2014-2018
Vitapro S.A.	2014-2018	December 2014 – September 2016
		November 2017 – December 2018
Masterbread S.A.	2014-2018	December 2014-2018
Cernical S.A.	2017-2018	November 2017-2018
R. Trading S.A.	2014-2018	December 2014-2018

Due to the interpretations likely to be given by the Taxation Authority on current legal regulations, it is not possible to determine whether the reviews to be conducted will result or not in liabilities for the Company and its Subsidiaries, therefore, any charge or additional tax payable that could result from these reviews will be charged to expenses in the years in which they are settled; however, in the opinion of Management of the Company and its Subsidiaries, any additional tax settlement would not be significant to the consolidated financial statements as of December 31, 2018 and 2017. In note 38, the main situations being discussed with the taxation authorities for years already reviewed are detailed.

(d) The main tax regulations issued during 2018 are as follows:

(i) Modified, effective January 1, 2019, the treatment applicable to the royalties and fees for services provided by non-domiciled recipients, eliminating the obligation to pay an amount equivalent to the withholding when the costs or expenses are booked, and must now withhold the corresponding income tax at the time of their payment or retribution accreditation (Legislative Decree N ° 1369).

(ii) Established rules governing the obligation of legal persons and/or legal entities to report the identification of their final beneficiaries (Legislative Decree N º 1372). These rules are applicable to legal persons domiciled in the country, pursuant to article 7 of the Income Tax Law, and to legal entities in the country. The obligation is applicable for non-domiciled legal entities and legal entities constituted abroad while: a) have a branch, agency or another permanent establishment in the country; b) the person (natural or legal entity) who manage the autonomous patrimony or foreign investment funds, or the natural or legal person who has quality of guard or administrator, is domiciled in the country; and, c) any part of a consortium is domiciled in the country. This obligation will be fulfilled by submitting sworn statements to the tax authority, which should contain the final beneficiary information and be submitted, in compliance with the regulations and in the deadlines established through a resolution of the Superintendence of Peruvian Tax Administration.

(iii) The tax code was modified in the implementation of the General Avoidance Prevention Rule (GAAR) (Article XVI of the preliminary title of the Tax Code) and the tax authority was provided with tools for its implementation (Legislative Decree No. 1422).

The tax authority will have the right to apply GAAR in ordinary audits to evaluate taxes since July 19, 2012. However, the tax authority will have to obtain the approval of a committee before applying GAAR.

Other rules regarding GAAR are:

- Joint liability of legal representatives: legal representatives will be responsible for the tax debt as a result of the application of GAAR by the tax authority.
- Approval of the fiscal planning by the Board of Directors: until March 29, 2019, the Board of Directors must approve (ratify or modify) all the fiscal planning of its entities since July 19, 2012. Its members will be responsible for the fiscal evaluations as a result of the application of GAAR.

34. Transactions with related parties

(a) During 2018, 2017 and 2016, the Company and its Subsidiaries have performed mainly the following transactions with related parties:

	2018		2017		2016	
	Income S/(000)	Expenses/ costs S/(000)	Income S/(000)	Expense/ costs S/(000)	Income S/(000)	Expense/ costs S/(000)
Sale of inventories	29,712	-	61,853	-	62,689	-
Purchase of inventories	-	123,608	-	124,277	-	131,495
IT services	-	24,666	-	39,140	-	39,493
Fees, management charges and others	-	58,910	-	40,356	-	50,483

(b) As a result of these and other minor transactions, the movement and balances of receivables and payables to related parties is presented for the year 2018:

	Opening balance S/(000)	Additions S/(000)	Deductions S/(000)	Closing balance S/(000)
Accounts receivables				
Trade accounts receivables, note 6(a)				
Industrias de Aceite S.A.	8,188	-	(8,188)	-
Panificadora Bimbo del Perú S.A.	5,197	19,882	(19,391)	5,688
Industrias del Espino S.A.	3,720	8,088	(9,755)	2,053
Ransa Comercial S.A.	1,854	241	(1,403)	692
Coesti S.A.	53	621	(604)	70
Others	483	2,380	(2,357)	506
	19,495	31,212	(41,698)	9,009
Other accounts receivables				
Others	12	-	(12)	-
	12	-	(12)	-
Advances to suppliers, note 8(g)				
Related parties:				
Industrias del Shanusi S.A.	9,452	9,497	(18,949)	-
Industrias del Espino S.A.	2,942	9	(2,951)	-
Agencias Ransa S.A.	1,182	14,534	(11,816)	3,900
Others	4	298	(123)	179
	13,580	24,338	(33,839)	4,079
Total	33,087	55,550	(75,549)	13,088
Trade accounts payables				
Trade accounts payables, note 18(a)				
Industrias de Aceite S.A.	12,215	-	(12,215)	-
Ransa Comercial S.A.	10,036	60,816	(59,978)	10,874
Corporación de Servicios GR S.A.	9,028	41,544	(44,318)	6,254
Exportadora Romex S.A.	2,687	17,024	(19,711)	-
Industria del Shanusi S.A.	1,833	9,968	(10,976)	825
Industrias del Espino S.A.	1,819	12,430	(13,344)	905
Limtek Servicios Integrales S.A.	1,151	164	(1,166)	149
Others	1,018	56,155	(43,434)	13,739
	39,787	198,101	(205,142)	32,746
Other accounts payables				
Others	132	758	-	890
	132	758	-	890
Total	39,919	198,859	(205,142)	33,636

(c) Trade receivables and payables mainly arise from the purchase and sale of products and several services, they are considered of current maturity, do not bear interest and have no specific guarantees.

As of December 31, 2018 and 2017, the Company and its Subsidiaries have provided guarantees to financial institutions on behalf of related parties, note 37(c).

(d) Other receivables and payables to related parties are considered of current maturity, do not bear interest and have no specific guarantees.

(e) During the years 2018 and 2017, payments made to the Board amounted to S/2,455,000 and S/2,411,000, respectively; and to key personnel S/7,428,000 and S/7,117,000, respectively. The Company and its Subsidiaries give bonuses to Management for achieving goals for the year and a bonus of long-term retention, see note 20(c).

35. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of shares outstanding during the period. The basic and diluted earnings per share are the same because there are no dilutive effects.

Calculation of earnings per share is as follows:

	2018 S/(000)	2017 S/(000)	2016 S/(000)
Common shares	847,191,731	847,191,731	847,191,731
Investment shares	7,388,470	7,388,470	7,388,470
Weighted average number of shares issued	854,580,201	854,580,201	854,580,201
Basic and diluted earnings per common and investment share income			
Net income for the year used in calculation	455,028	449,921	307,157
Basic and diluted earnings per common and investment share (S/)	0.53	0.53	0.36

36. Operating segments

(a) For management purposes, the Company and its Subsidiaries present segment information based on business units which are: consumer products, B2B, aquafeed, crushing and others.

Additionally, Management includes information by geographic segment mainly because their operations are subject to different risks and returns depending on the country in which operations are conducted.

Financial information as of December 31, 2018 and 2017 by business segment, net of eliminations:

	Consumer products S/(000)	B2B S/(000)	Aquaculture S/(000)	Crushing S/(000)	Others S/(000)	Total S/(000)
2018						
Total revenues from sales	4,048,870	1,586,485	2,087,531	561,647	4,169	8,288,702
Results -						
Cost of sales	(2,765,559)	(1,277,242)	(1,669,814)	(528,206)	(3,191)	(6,244,012)
Sales and distribution expenses, and administrative expenses	(884,373)	(168,879)	(161,714)	(60,953)	(8,556)	(1,284,475)
Other income and expenses, net	1,539	(46)	20,062	1,237	(1)	22,791
Results of operations in commodity derivatives	1,465	2,209	(74)	(270)	(62)	3,268
Operating profit (loss)	401,942	142,527	275,991	(26,545)	(7,641)	786,274
Financial expenses, net	-	-	-	-	-	(97,518)
Net exchange differences	-	-	-	-	-	(11,774)
Share in net results of associates	-	-	-	-	-	1,747
Profit before income tax						678,729
Assets -						
Trade receivable, net	389,114	119,371	295,289	230,481	1,032	1,035,287
Inventories, net	696,123	227,626	299,515	233,226	462	1,456,952
Property, plant and equipment, net	1,361,853	441,518	366,900	367,574	7	2,537,852
Goodwill, net	877,545	-	14,968	98,187	-	990,700
Unallocated assets	-	-	-	-	-	3,038,435
Total assets						9,059,226
Total unallocated liabilities						5,813,658

	Consumer products S/(000)	B2B S/(000)	Aquaculture S/(000)	Crushing S/(000)	Others S/(000)	Total S/(000)
2017						
Total revenues from sales	3,689,464	1,503,449	1,756,352	-	-	6,949,265
Results -						
Cost of sales	(2,463,112)	(1,208,178)	(1,370,953)	-	(159)	(5,042,402)
Sales and distribution expenses, and administrative expenses	(819,451)	(157,072)	(149,001)	-	4,340	(1,121,184)
Other income and expenses, net	(8,413)	(234)	(4,907)	-	(30,169)	(43,723)
Results of operations in commodity derivatives	866	518	(404)	-	136	1,116
Operating profit (loss)	399,354	138,483	231,087	-	(25,852)	743,072
Financial expenses, net	-	-	-	-	-	(97,414)
Net exchange differences	-	-	-	-	-	(5,300)
Share in net results of associates	-	-	-	-	-	(2,985)
Profit before income tax						637,373
Assets -						
Trade receivable, net	482,713	198,249	329,244	-	-	1,010,206
Inventories, net	474,089	194,246	216,707	-	-	885,042
Property, plant and equipment, net	1,116,808	458,671	290,145	-	-	1,865,624
Goodwill, net	837,251	-	14,375	-	-	851,626
Unallocated assets	-	-	-	-	-	2,503,497
Total assets						7,115,995
Total unallocated liabilities						4,215,710

	Consumer products S/(000)	B2B S/(000)	Aquaculture S/(000)	Crushing S/(000)	Others S/(000)	Total S/(000)
2016						
Total revenues from sales	3,575,611	1,457,319	1,441,806	-	1,412	6,476,148
Results -						
Cost of sales	(2,474,764)	(1,175,832)	(1,162,847)	-	(1,299)	(4,814,742)
Sales and distribution expenses, and administrative expenses	(741,072)	(141,915)	(119,823)	-	(4,204)	(1,007,014)
Other income and expenses, net	1,966	(3,438)	(1,318)	-	(18,080)	(20,870)
Results of operations in commodity derivatives	(414)	(829)	(3)	-	-	(1,246)
Operating profit (loss)	361,327	135,305	157,815	-	(22,171)	632,276
Financial expenses, net						(145,293)
Net exchange differences						(20,381)
Share in net results of associates						1,065
Profit before income tax						467,667
Assets -						
Trade receivable, net	447,558	183,675	394,457	-	172	1,025,862
Inventories, net	433,048	177,721	168,102	-	165	779,036
Property, plant and equipment, net	1,185,884	486,681	273,230	-	454	1,946,249
Goodwill, net	853,110	-	14,884	-	-	867,994
Unallocated assets	-	-	-	-	-	1,514,930
Total assets						6,134,071
Total unallocated liabilities						3,555,531

Financial information as of December 31, 2018 and 2017 by geographical segment:

	Peru S/(000)	Argentina (b) S/(000)	Brazil S/(000)	Bolivia S/(000)	Chile S/(000)	Ecuador S/(000)	Uruguay S/(000)
2018							
Total revenues from sales	5,964,879	470,452	404,694	1,038,327	618,075	1,779,081	1,640,144
Results -							
Cost of sales	(4,431,270)	(384,995)	(273,588)	(960,412)	(552,019)	(1,568,221)	(1,591,096)
Sales and distribution expenses	(439,669)	(70,322)	(81,010)	(57,402)	(3,863)	(39,859)	-
Administrative expenses	(431,212)	(37,528)	(37,660)	(80,103)	(16,170)	(28,996)	(7,863)
Results of operations in commodity derivatives	3,543	-	-	(185)	-	-	(90)
Other income	34,545	117,885	(496)	(10,371)	22,632	3,834	448
Operating profit (loss)	700,816	95,492	11,940	(70,146)	68,655	145,839	41,543
Finance costs, net							
Net exchange differences							
Share of profit of associates							
Profit before income tax							
Total assets	11,142,051	309,449	689,175	2,871,976	598,899	683,926	816,287
Total liabilities	4,745,857	198,451	273,696	1,103,327	187,429	423,374	750,802
2017							
Total revenues from sales	5,157,730	509,606	485,783	-	598,569	1,323,806	1,537,541
Results -							
Cost of sales	(3,764,723)	(399,890)	(318,574)	-	(526,309)	(1,165,373)	(1,491,728)
Sales and distribution expenses	(418,052)	(85,323)	(94,182)	-	(10,179)	(35,559)	(448)
Administrative expenses	(373,700)	(60,483)	(37,228)	-	(16,755)	(26,003)	(4,127)
Results of operations in commodity derivatives	1,799	-	-	-		178	(861)
Other income	15,689	(4,544)	(840)	-	345	156	994
Operating profit (loss)	618,743	(40,634)	34,959	-	45,671	97,205	41,371
Finance costs, net							
Net exchange differences							
Share of profit of associates							
Profit before income tax							
Total assets	8,658,064	295,411	777,054	-	510,627	586,328	654,434
Total liabilities	3,780,929	271,361	308,232	-	166,097	360,642	613,039

	Peru S/(000)	Argentina (b) S/(000)	Brazil S/(000)	Bolivia S/(000)	Chile S/(000)	Ecuador S/(000)	Uruguay S/(000)
2016							
Total revenues from sales	4,896,001	525,565	492,303	-	506,233	853,044	1,189,521
Results -							
Cost of sales	(3,672,843)	(401,234)	(352,647)	-	(450,880)	(735,710)	(1,152,003)
Sales and distribution expenses	(394,363)	(86,836)	(87,684)	-	(9,568)	(27,871)	(220)
Administrative expenses	(331,345)	(39,200)	(37,444)	-	(18,520)	(22,838)	(1,818)
Results of operations in commodity derivatives	(1,642)	-	-	-		9	387
Other income	34,478	5,601	2,196	-	2,861	1,979	(734)
Operating profit (loss)	530,286	3,896	16,724	-	30,126	68,613	35,133
Finance costs, net							
Net exchange differences							
Share of profit of associates							
Profit before income tax							
Total assets	7,617,168	338,216	864,993	-	543,007	504,740	426,838
Total liabilities	3,096,756	247,087	380,540	-	223,838	302,076	391,587

Management monitors the profit before tax for each business unit separately for the purpose of making decisions about allocating resources and assessing financial performance. The financial performance of a segment is evaluated on the basis of profit before income tax.

Management estimates that the transfer prices between operating segments are given on market conditions between independent parties, similarly to those which are agreed with third parties.

(b) Since July 1, 2018, Argentina is considered a hyperinflationary economy according to IAS 29 "Financial Reporting in hyperinflationary economies" because it has a accumulated inflation rate in the last 3 years of more than 100 percent.

The individual financial statements of the Subsidiaries located in Argentina have been adjusted for inflation in accordance with IAS 29 and IFRIC 7 "Applying the restatement approach under IAS 29". The non-monetary items were restated from the dates at which those items were first recognized and the monetary items due are already stated at the current measuring unit at the balance sheet dates are not restated.

The values of the general wholesale price index (IPIM) of Argentina as of December 31, 2018 and 2017 is presented below:

	Annual inflation	Accumulated inflation (3 years)
2018	47.65%	148.00%
2017	24.80%	96.83%

37. Commitments

(a) As of December 31, 2018, the Company has obtained stand-by letters for public tenders on behalf of:

- SUNAT, issued by a local financial institution to ensure customs tax debt and other obligations under the temporary admission procedure for raw materials for a total of S/40,704,000, maturing between May and December 2019 (S/75,038,000 as of December 31, 2017, maturing in January and December 2018).

- INDECOPI by S/607,000 with maturity in Febrary 2019 (S/113,000 as of December 31, 2017, with maturity between April and November 2018).

- "Poder Judicial" by S/22,000 with maturity in July 2019

(b) As of December 31, 2018 the Company maintains 2 guarantee letters in favor of Centro Empresarial Nuevo Mundo IV S.A.C. for US$846,000, with maturities between September and November 2019, which guarantee the fulfillment of the Company's obligations as lessee. As of December 31, 2017 the Company maintains a guarantee letter in favor of Centro Empresarial Nuevo Mundo IV S.A.C. for US$515,000, with maturity in September 2018.

(c) The Company has the following commitments as guarantor of loans granted to its Subsidiaries by banks:

Subsidiary	Loan amount	
	2018 S/(000)	2017 S/(000)
Pastificio Santa Amalia S.A.	-	9,485
Inbalnor S.A	25,326	48,578

For these loans, the Company must comply with certain restrictions, which include mainly the maintenance of financial ratios calculated based on the consolidated financial statements, see note 17.1(b).

(d) The Company holds commitments as co-debtor in the loan granted to its Subsidiary Holdco Bolivia Inversiones S.A. by banks:

Subsidiary	Loan amount	
	2018 S/(000)	2017 S/(000)
Holdco Bolivia Inversiones S.A.	387,316	-

For the indicated loan, the Company does not need to comply with the maintenance of financial ratios.

(e) In 2018, the Company acquired Industrias de Aceite S.A., which has financial obligations for which it must comply with certain restrictions, that mainly include the maintenance of financial ratios, see note 17.1(e). The Company is not a guarantor of these obligations because they were contracted before the acquisition.

(f) As of December 31, 2018, the Company maintains a bank guarantee in favor of Industrias de Aceite S.A. for a total of US$55,658,000, due between January and August 2019, which guarantee the collection of values corresponding to CEDEIMS applications.

(g) As of December 31, 2018, the Company maintains a bank guarantee in favor of Sociedad Aceitera del Oriente S.R.L. that amounts to US$1,368,000 through October 2019, which guarantees the tax refund according to Supreme Decree No. 26,465, according to Bolivian law.

(h) As of December 31, 2018, Alicorp Argentina S.C.A. and its Subsidiaries maintain letters of credit issued to guarantee the purchase of merchandise for a total of US$293,000 issued by local financial institutions with maturities between January and March 2019 (US$338,000 as of December 31, 2017 due in 2018, which guarantee the purchase of merchandise).

(i) As of December 31, 2018, Pastifício Santa Amália S.A. maintains guarantee letters due in December 2019 in favor of Bagley do Brasil Alimentos Ltda that amounts to R$2,150,000, issued by local financial institutions to guarantee the product distribution contract, and in favor of Vara Única da Subseção Judiciária da Justiça Federal de Poços of Caldas for a total of R$2,603,000 (R$2,603,000 as of December 31, 2017), issued by local financial institutions to guarantee the pecuniary obligations due until the fulfillment of the obligations.

(j) As of December 31, 2018, Vitapro Ecuador Cía. Ltda. maintains a customs guarantee for a total of US$95,000 to guarantee the payment of customs taxes, issued by a local financial institution, due in January 2019.

(k) As of December 31, 2018 and 2017, Industrias Teal S.A. maintains a guarantee letter issued in favor of Gas Natural de Lima and Callao that amounts to US$120,000 and US$113,000, respectively, which guarantees the supply of natural gas until December 2019 and December 2018, respectively, which will be renewed at maturity.

(l) As of December 31, 2018 and 2017, Industrias Teal S.A. maintains a guarantee letter issued in favor of SUNAT that amounts to US$1,000,000, to guarantee the customs tax debt.

(m) As of December 31, 2018 and 2017, Vitapro S.A. maintains a letter of guarantee issued in favor of SUNAT for a total of US$2,000,000, to guarantee the customs tax debt.

(n) As of December 31, 2018, Global Alimentos S.A.C. maintains a guarantee letter issued in favor of Gas Natural de Lima y Callao that amounts to US$25,000, which guarantees the supply of natural gas until October 2019.

(o) As of December 31, 2018, R. Trading S.A. maintains a guarantee letter issued in favor of Interseguro Compañía Seguros S.A. that amounts to S/40,000, which guarantees the timely payment of the consideration and other obligations acquired until August 2019.

(p) As of December 31, 2018, Industrias de Aceite S.A. maintains guarantee letters that amount to US$60,534,000, due between January 2019 and February 2020, which guarantee the payment of tax rights in favor of the National Tax Service of Bolivia.

(q) As of December 31, 2018, Sociedad Aceitera del Oriente S.R.L. maintains guarantee letters that amount to US$17,144,000, due between February and October 2019, which guarantee the payment of tax rights in favor of the National Tax Service of Bolivia.

(r) As of December 31, 2018, Masterbread S.A. maintains a guarantee for EUR912,000, in favor of a foreign supplier with expiration in December 2019.

38. Contingencies

The Company and its Subsidiaries have several legal actions against them, related to labor claims, indemnity for civil claims, and others from tax audits performed by the taxation authority (SUNAT). In Management's opinion and its legal counsels, as a consequence of these legal actions, no significant liabilities will arise for the financial statements as of December 31, 2018 and 2017, in relation to the liabilities already recognized, see note 21.

A description of the main contingencies outstanding as of December 31, 2018 is as follows:

(a) Alicorp S.A.A. -

- As of December 31, 2018, the Company received observations related to: (i) Income Tax (years 2002 to 2014 and 2006 to 2010),(ii) determination and carry forward of tax losses (years 1999 to 2004) and (iii) Value Added Tax (November 2006 and December 2010) by S/70,664,000 including taxes, fines and interests (S/86,646,000 as of December 31, 2017), for contributions to ESSALUD by S/2,548,000 (S/2,293,000 as of December 31, 2017), which includes arrears and penalties. Management and its legal counsels consider that the matters mentioned above should have positive outcomes for the Company, and that is why it did not recognized any additional provision, see note 21.

- The Company has labor claims for an approximate amount of S/160,000 and S/788,000 as of December 31, 2018 and 2017, which correspond to various work processes of former workers. As of December 31, 2018, the Company does not have Administrative Fines to INDECOPI (S/2,216,000 as of December 31, 2017). Management and its legal counsels consider that the matters mentioned above should have positive outcomes for the Company, and that is why it did not recognized any provision.

- As a consequence of the incident (fire) that happened on December 3, 2009, in the store of the related party Ransa Comercial S.A. which used to hold documents and accounting and labor books of Alicorp S.A.A. and its subsidiary Molinera Inca S.A., all these information for the period prior to April 2009 (in Alicorp S.A.A.) and the information from January 2007 to September 2009 (in Molinera Inca S.A.) was lost. In this regard, both companies met these obligations to communicate such incident to SUNAT and relevant public entities. SUNAT granted the Company and its subsidiary time to rebuild their books and get from their customers and suppliers copies of documents lost. In 2010, the Company and its subsidiary had complied with the rebuilding of their accounting information for the periods that are opened for tax review purposes and have requested from clients and suppliers copies of lost information in the time given by the tax authority. Management estimates that there will be no significant liabilities as of December 31, 2018 and 2017 regarding a possible tax review or labor audit for the periods in which the information was lost.

(b) Consorcio Distribuidor Iquitos S.A. -

The Subsidiary holds various Administrative Processes, as well as Claim and Appeal Resources, regarding: (i) Reimbursement of Value Added Tax of November and December 2004; from January to July, December 2005 for an amount of S/5,902,000 (amout that includes taxes, fines and interests) (S/8,437,000 as of December 31, 2017) and (ii) annual income tax and prepayments of Income Tax from January and February 2001 by S/1,499,000 (S/1,486,000 as of December 31, 2017).

Also, the Subsidiary filed a complaint against the tax authority's resolutions in connection with the determination of the value added tax from January 2004 to December 2005. The present amount as of December 31, 2018 is S/193,594,000 (S/184,737,000 as of December 31, 2017). To date, a Contentious Administrative Appeal has been filed with the "Poder Judicial". As of December 31, 2018, this Subsidiary has an account receivable by S/15,391,000 (S/15,276,000 as of December 31, 2017) corresponding to withholdings made by the Tax Administration in relation to this process. In the opinion of the Subsidiary and its legal advisors these assets will be recovered in the long term.

Management and its legal counsels consider that the issues mentioned above should have positive results for the Company.

(c) Pastificio Santa Amália S.A. -

The Subsidiary has labor, tax and civil claims which involve contingent liabilities for approximately R$9,239,000, equivalent to S/8,056,000, (amount that includes taxes, fines and interests).

The amount of contingent liabilities associated to civil and labor claims amount to R$14,260,000 equivalent to S/12,435,000 (amount that includes taxes, fines and interests).

In Company's Management opinion and its legal counsels, as a result of these legal actions, they will not result in material liabilities for the consolidated financial statements as of December 31, 2018 and 2017, in addition to those already provisioned, see note 21.

(d) Industrias de Aceite S.A.-

As of December 31, 2018, this subsidiary maintains various tax proceedings pending resolution, which are in administrative and judicial step. The aforementioned processes derive from the audits carried out by the Tax Administration with respect to the fiscal periods between 2007 and 2014.

These processes are linked to the subsequent inspections to the returns of CEDEIMS made in favor of the Subsidiary; as well as a process linked to the withholding of the Corporate Profits Tax for payments made to foreign beneficiaries (IUE-BE).

The amount of the contingent liabilities associated with these processes amounts to US$1,511,000, equivalent to S/5,106,000 (which is composed of capital, interest and fines).

Management and its legal advisors consider that the challenge resources made by this Subsidiary should have a favorable result; therefore, it has not considered necessary an additional provision to those already registered by the Subsidiary, see note 21.

39. Financial risk management objectives and policies

(a) Financial instruments categories –

Financial assets and liabilities of the Company and its Subsidiaries consist of:

	2018 S/(000)	2017 S/(000)
Financial assets-		
At amortized costs		
Cash and cash equivalents	1,037,185	1,043,381
Trade receivables	1,035,287	1,010,206
Restricted cash in guarantee for derivative transactions	13,985	165
Other receivables	61,486	21,774
Receivables from related parties	-	12
Advances to suppliers	181,061	45,033
Other financial assets	-	160,000
At fair value with changes in OCI (equity investments)		
Other financial assets	394,393	372,274
At fair value through profit or loss		
Derivatives financial instruments	576	709
Hedging derivatives		
Derivatives financial instruments	54,592	23,967
Total	2,778,565	2,677,521
Financial liabilities		
At amortized cost:		
Other financial liabilities	3,046,840	1,953,350
Trade payables	1,759,968	1,492,982
Other payables	87,351	78,290
Payables to related parties	890	132
At fair value through profit or loss		
Derivatives financial instruments	4,238	4,725
Hedging derivatives		
Derivatives financial instruments	7,252	4,184
Total	4,906,539	3,533,663

(b) Financial risk -

The risk management program of the Company and its Subsidiaries are mainly concentrated in the interest rates, currencies and commodities markets, and seek to minimize potential adverse effects on the operating and financial performance of the Company and its Subsidiaries. The Vice President of Corporate Finance of the Company, through the Treasury and Risk Managers, is responsible for managing these risks, which it identifies, evaluates and mitigates. The Risk Committee of Alicorp S.A.A., which reports to the Board approves the guidelines under which these risks are managed.

In addition, the Company and its Subsidiaries are also exposed to risks of credit, liquidity and operational.

Management reviews and approves policies for managing each of the risks, which are summarized below.

(i) Market risk:

- Foreign exchange risk –

  The Company and its Subsidiaries invoice the local sale of its products mainly in the currency of the countries where they operate, allowing them to meet their obligations in its functional currency. The exchange rate risk arises from receivables from foreign sales, purchasing raw materials and loans and other liabilities held in foreign currencies, mainly in US dollars. To mitigate this risk, the Company and its Subsidiaries use derivative contracts to hedge their exposure to exchange rate risk.

  During 2018 and 2017, the Company and its Subsidiaries performed several contracts for the purchase of U.S. Dollars in the future (forwards) and currency options with financial institutions. In 2017, cancelled operations before maturity, see note 24(h), which generated losses for S/7,679,000, were included in the captions "Finance costs" in the consolidated statements of income. As of December 31, 2018 and 2017, the Company and its Subsidiaries held "call spread", "cross currency swaps", forwards and currency options contracts in force to hedge the liability positions of foreign currency for approximately US$403,976,000 and US$288,763,000, respectively, see note 24(a). During 2018 and 2017, these operations generated net results of S/60,004,000 and S/33,318,000, respectively, see note 24(c), included under the caption "Finance costs" in the consolidated statements of income.

  As of December 31, 2018, the weighted average free market exchange rates for transactions in U.S. Dollars were S/3.369 per US$1 for purchase and S/3.379 per US$1 for sale (S/3.238 US$1 for purchase and S/3.245 per US$1 for sale as of December 31, 2017).

As of December 31, 2018 and 2017, the weighted average exchange rates of the various currencies relative to the Sol are as follows:

	Exchange rate per S/1	
	2018	2017
U.S. Dollar	3.379	3.245
Colombian pesos	0.001	0.001
Brazilian reales	0.872	0.981
Argentinean pesos	0.090	0.174
Chile pesos	0.005	0.005
Euros	4.150	3.945
Bolivianos	0.485	0.466

As of December 31, 2018 and 2017, the Company and its Subsidiaries held the following assets and liabilities by currency (in thousands of Soles):

	2018							
	Soles S/(000)	**U.S. Dollar** S/(000)	**Argentinean pesos** S/(000)	**Bolivianos** S/(000)	**Other currencies** S/(000)	Total S/(000)	**Soles** S/(000)	**U.S. Dollar** S/(000)
Assets								
Cash and cash equivalents	600,033	402,133	4,812	9,775	20,432	1,037,185	783,387	230,140
Other financial assets	-	-	7,816	-	-	7,816	160,000	11,213
Trade receivables, net	333,157	605,397	59,909	20,832	15,992	1,035,287	474,883	423,037
Restricted cash in guarantee for derivative transactions	-	13,985	-	-	-	13,985	165	-
Receivables from related parties	-	-	-	-	-	-	12	-
Other account receivables, net	44,665	117,956	7,738	37,372	131,426	339,157	43,220	52,455
Income tax asset	16,248	178	5,427	6,452	4,139	32,444	5,749	529
	994,103	1,139,649	85,702	74,431	171,989	2,465,874	1,467,416	717,374
Liabilities								
Other financial liabilities	(1,713,064)	(1,060,829)	-	(264,094)	(8,853)	(3,046,840)	(1,679,193)	(261,168)
Trade account payables	(110,409)	(1,529,871)	(42,640)	(63,498)	(13,550)	(1,759,968)	(202,367)	(1,142, 890)
Payables to related parties	(890)	-	-	-	-	(890)	(132)	-
Other payables	(51,956)	(49,370)	(4,633)	(31,252)	(2,337)	(139,548)	(72,532)	(35,440)
Income tax payable	(828)	-	-	(7,545)	(3,193)	(11,566)	(48,403)	(2,792)
Provisions	(37,845)	-	(2,319)	(25,969)	(18,519)	(84,652)	(24,533)	(465)
	(1,914,992)	(2,640,070)	(49,592)	(392,358)	(46,452)	(5,043,464)	(2,027,160)	(1,442,755)
	(920,889)	(1,500,421)	36,110	(317,927)	125,537	(2,577,590)	(559,744)	(725,381)
Foreign exchange derivatives (*)								
Swap position, net	(345,189)	345,189	-	-	-	-	(349,503)	349,503
Options, net	(358,900)	358,900	-	-	-	-	(425,283)	425,283
	(704,089)	704,089	-	-	-	-	(774,786)	774,786
Net monetary position	(1,624,978)	(796,332)	36,110	(317,927)	125,537	(2,577,590)	(1,334,530)	49,405

(*) They include derivatives exchange related to the asset or liability positions, but not those related to future trade payable and "commodities".

During 2018 and 2017, the balance of the exchange difference is as follows:

	2018 S/(000)	2017 S/(000)
Exchange differences generated by hedged liabilities	(172,094)	3,247
Offsetting of exchange differences for hedging derivatives, note 24(c)	175,187	(3,579)
Exchange difference generated by non-hedged assets and liabilities	(14,867)	(4,968)
Net loss	(11,774)	(5,300)

The Company and its Subsidiaries manage the risk of foreign exchange monitoring and controlling values of currencies other than the functional currency of each country which are exposed to fluctuations in exchange rates. Any devaluation/revaluation of foreign currency affect the consolidated income statements.

The following table shows the sensitivity analysis of the US dollar, the currency by which the Company and its Subsidiaries have a significant exposure as of December 31, 2018 and 2017, through monetary assets and liabilities and forecast cash flows. In the opinion of Company's Management, fluctuations in the exchange rates of currencies other than the U.S. dollar would not result in significant effects on the consolidated results. The analysis determines the effect of a reasonably possible change in the exchange rate of the U.S. dollar, with all other variables remaining constant, in the consolidated statements of income before income tax and the effect of exchange rate hedges. For this analysis as of December 31, 2018 and 2017, the hedge of "call spread" was considered to the limit established in the contracts of S/3.60 per US$1.

Negative amount shows a potential net reduction in consolidated statements of income, while a positive amount reflects a net potential increase:

	Increase / decrease in exchange rate	Effect on pre-tax profit S/(000)
2018		
U.S. Dollar/Soles	+5%	(13,356)
U.S. Dollar/Soles	-5%	13,356
U.S. Dollar/Soles	+10%	(5,903)
U.S. Dollar/Soles	-10%	26,712
2017		
U.S. Dollar/Soles	+5%	2,567
U.S. Dollar/Soles	-5%	(2,567)
U.S. Dollar/Soles	+10%	1,232
U.S. Dollar/Soles	-10%	(5,135)

Additionally, the following table shows the sensitivity analysis in equity for the position as of December 31, 2018 and 2017, to a change in exchange rates in the major currencies of those subsidiaries that have a functional currency different to Sol (U.S. Dollars, Brazilian reales and Argentine pesos):

	Effect on net equity S/(000)		
Increase / decrease in exchange rate	U.S. Dollars	Brazilian reales	Argentine pesos
2018			
+10%	3,841	7,831	11,176
-10%	(3,841)	(7,831)	(11,176)
+20%	7,682	15,662	22,352
-20%	(7,682)	(15,662)	(22,352)
2017			
+10%	4,140	8,678	2,554
-10%	(4,140)	(8,678)	(2,554)
+20%	8,280	17,356	5,108
-20%	(8,280)	(17,356)	(5,108)

- Interest rate risk on fair values and cash flows -
  The Company and its Subsidiaries may take financing with fixed or variable interest rates considering as guideline the objective to get a low finance cost. In some cases, after obtaining the funding, the interest rate obtained is monitored by comparing it with the current and future market rate and perform, if necessary, derivative transactions to mitigate the impact of fluctuating in this transaction.

  The Company and its Subsidiaries manage their interest rate risk by obtaining debt mainly at fixed interest rate. Also, when is necessary, the Company and its Subsidiaries sign hedging contracts to exchange floating interest rates for fixed rates and thus reduce the risk of interest rate fluctuations. As of December 31, 2018, 25.38 percent of financial liabilities held by the Company and its Subsidiaries are based on variable rates (2.52 percent as of December 31, 2017). Also, the operating cash flows of the Company and its Subsidiaries are substantially independent of changes in market interest rates; so in the opinion of Management, the Company and its Subsidiaries do not have significant exposure to the risks of fluctuations in interest rates.

  During the years 2018 and 2017, the Company and its Subsidiaries held several hedging contracts to swap floating interest rates for fixed interest rates to reduce the risk of interest rate fluctuations; during 2018 and 2017 no contracts were liquidated.

Financial instruments with fixed and floating interest rates are as follows:

	2018				
	Variable interest rate S/(000)	Fixed interest rate S/(000)	No interest S/(000)	Total S/(000)	Average interest rate as of December 31, 2018 %
Financial assets					
Cash and cash equivalents	99	1,037,086	-	1,037,185	
Other financial assets	7,816	-	-	7,816	
Financial liabilities					
Bank overdraft and short-term financial liabilities	25,526	902,237	-	927,763	3.18% in USD / 4.25% in PEN / 4.38% in BOB / 4.29% in BRL
Long-term financial liabilities	747,619	1,371,458	-	2,119,077	3.70% in USD / 6.72% in PEN / 4.64% in BOB / 3.51% in BRL

	2017				
	Variable interest rate S/(000)	Fixed interest rate S/(000)	No interest S/(000)	Total S/(000)	Average interest rate as of December 31, 2017 %
Financial assets					
Cash and cash equivalents	-	1,043,381	-	1,043,381	
Other financial assets	22,630	160,000	-	182,630	
Financial liabilities					
Bank overdraft and short-term financial liabilities	10,215	944,763	-	954,978	3.16% in USD / 3.02% in PEN / 5.75% en BRL
Long-term financial liabilities	49,039	949,333	-	998,372	3.65% in USD / 7.16% in PEN / 3.91% in BRL

The table above does not consider the effect of interest rate swaps described in note 24(h), which reduce the effect of exposure to variable rates.

- Price risk

  The Company and its Subsidiaries are exposed to risks from changes in prices of raw materials ("commodities"), mainly wheat, soybean oil and soy flour, necessary for its production process, and derivative financial instruments are used in order to mitigate those risks. The Company and its Subsidiaries cover the risk of a decrease in the prices of their purchased inventories or in stores through futures and option contracts traded on international stock exchanges, which are managed on a daily basis under the supervision of the Management of the Company. The Company, in the purchase of wheat, establishes purchase prices following the international practice, which makes that since assumes the commintment to purchase a quantity of products a base price is fixed and then is a modified based on market condition until the date of shipment, in which the price is fixed permanently.

  The Company and its Subsidiaries have a practice of committing quantities of products for purchase based on its needs for production and sales. As of December 31, 2018 there are commitments to purchase wheat for approximately 243,220 metric tons to be delivered between February and May 2019 (218,000 metric tons to be delivered between January and May 2018 as of December 31, 2017).

  Not hedging this risk could lead to a loss of competitiveness in the wheat and soybean oil markets. In addition, the Company and its Subsidiaries hedge the risk of an increase in prices of their stock purchases through options and futures contracts traded on international stock exchanges. Not hedging this risk could negatively impact the margins of the Company and its Subsidiaries.

  The Company and its Subsidiaries eventually perform trading operations in order to improve their risk position of its raw materials prices, considering the different market variables.

  The detail of these transactions at the end of the consolidated statements of financial position and its effect on income is detailed in note 24.

As of December 31, 2018 and 2017 the Management of the Company and its Subsidiaries has estimated the following effects with variations of ± 10 and ± 20 percent on the market price of that date.

	Effect in		
	Result	Equity	Inventories
		S/(000)	S/(000)
2018			
Hedging derivatives:			
(+10%)	-	164	(19)
(-10%)	-	(164)	19
(+20%)	-	328	(38)
(-20%)	-	(328)	38
Trading derivatives			
(+10%)	(178)	-	-
(-10%)	178	-	-
(+20%)	(357)	-	-
(-20%)	357	-	-
2017			
Hedging derivatives:			
(+10%)	-	135	11
(-10%)	-	(135)	(11)
(+20%)	-	272	22
(-20%)	-	(272)	(22)
Trading derivatives			
(+10%)	44	-	-
(-10%)	(44)	-	-
(+20%)	88	-	-
(-20%)	(88)	-	-

- Other pricing risk

The Company and its Subsidiaries are exposed to market risk arising from their investments in equity instruments held by its Subsidiaries. Such investments are held mainly with strategic purposes more than trading purposes and are quoted in international markets.

A variation of 10 percent in the quoted value as of December 31, 2018 would increase the equity discounting its tax effect in approximately S/38,311,000 (S/34,930,000 as of December 31, 2017).

(ii) Credit risk –

Financial assets of the Company and its Subsidiaries are potentially exposed to credit risk mainly through deposits with banks, restricted cash in guarantee for derivative transactions and trade receivables.

With respect to the Company's bank deposits as of December 31, 2018, 68 percent (70 percent in 2017) of its cash and cash equivalent balances are with domestic financial institutions. The Company and its Subsidiaries do not estimate significant losses arising from this risk because it is an entity with international credit prestige.

As of December 31, 2018, the countries of Peru and Chile represented approximately 55 and 15 percent of trade receivables (salmon industry in Chile) and 57 and 8 percent of sales to third parties, respectively (57 and 22 percent of trade receivables and 64 and 8 percent of sales to third, respectively, as of December 31, 2017). Also, 25, 39 and 7 percent of customers are concentrated in distributors, industries and wholesalers respectively, whose origin is mainly in Chile, Ecuador, Peru and Argentina (37, 27 and 15 percent in Chile, Peru and Argentina as of December 31, 2017).

In the above countries, a concentration of the portfolio of the Company and its Subsidiaries is presented, so any change in their economic situation can have a significant impact on the accompanying consolidated statements. Management monitors its exposure to credit risk continuously on the basis of actual historical experience and the use of guidelines and policies to maintain a diversified portfolio.

The maximum exposure to credit risk as of the date of the consolidated financial statements is the carrying value of each class of financial asset presented in note 39(a).

(iii) Liquidity risk -

Management is aware that the liquidity risk involves having sufficient cash and cash equivalents and being able to engage and / or have committed funding through various sources of credit. The Company and its Subsidiaries have adequate levels of cash and cash equivalents and available credit lines.

An analysis of financial liabilities of the Company and its Subsidiaries by maturity and undiscounted cash flows as of the date of the consolidated statements of financial position is as follows:

	Less than 1 year S/(000)	Between 1 and 2 years S/(000)	Between 2 and 5 years S/(000)	More than 5 years S/(000)	Total S/(000)
As of December 31, 2018					
Financial liabilities					
Principal	927,763	428,888	971,422	718,767	3,046,840
Interest payment cash-flow	127,265	111,753	228,210	163,036	630,264
Trade payables	1,759,968	-	-	-	1,759,968
Payables to related parties	890	-	-	-	890
Other payables	87,351	-	-	-	87,351
	2,903,237	540,641	1,199,632	881,803	5,525,313
As of December 31, 2017					
Financial liabilities					
Principal	954,978	123,402	13,121	861,849	1,953,350
Interest payment cash-flow	230,626	171,752	489,276	620,714	1,512,368
Trade payables	1,492,982	-	-	-	1,492,982
Payables to related parties	132	-	-	-	132
Other payables	78,290	-	-	-	78,290
	2,757,008	295,154	502,397	1,482,563	5,037,122

The table above does not include financial and commodity derivatives because significant liabilities are those relating to commodities, which are guaranteed by cash deposits, see paragraph (v) of this note.

As of December 31, 2018, the Company and its Subsidiaries have unused credit lines amounting to S/3,335, 228,000 (S/2,249,013,000 as of December 31, 2017). The Company and its Subsidiaries expect to meet their obligations from operating cash flows and funds available from financial asset at their maturity.

(iv) Operational risk -

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company and its Subsidiaries do not expect to eliminate all operational risks, but through risk management and by monitoring and responding to potential risks, the Company and its Subsidiaries are able to manage these risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the review of Internal Audit.

(v) Offsetting financial assets and liabilities -

As of December 31, 2018 and 2017, the Company and its Subsidiaries had no significant offsets of financial instruments in the consolidated statements of financial position financial.

As of December 31, 2018 and 2017, the disclosures shown in the following tables include financial assets and liabilities that are subject to an enforceable master agreement of offsetting or similar agreement that comprise similar financial instruments, independently of whether they are offset in the consolidated statements of financial situation.

Financial assets subject to offsetting, enforceable master agreement of offsetting and similar agreements:

	As of December 31, 2018					
				Related amounts not offset in the consolidated statements of financial position		
Description	Gross amounts of recognized financial assets S/(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statements of financial position S/(000)	Net amounts of financial assets presented in the consolidated statements of financial position S/(000)	Financial instruments S/(000)	Cash received as guarantee S/(000)	Net amount S/(000)
Restricted cash in guarantee for derivative transactions	13,985	-	13,985	-	-	13,985
Short-term derivatives financial instruments	39,366	-	39,366	5,886	-	33,480
Total	53,351	-	53,351	5,886	-	47,465

	As of December 31, 2017					
				Related amounts not offset in the consolidated statements of financial position		
Description	Gross amounts of recognized financial assets S/(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statements of financial position S/(000)	Net amounts of financial assets presented in the consolidated statements of financial position S/(000)	Financial instruments S/(000)	Cash received as guarantee S/(000)	Net amount S/(000)
Restricted cash in guarantee for derivative transactions	165	-	165	-	-	165
Short-term derivatives financial instruments	12,507	-	12,507	3,029	-	9,478
Total	12,672	-	12,672	3,029	-	9,643

Financial liabilities subject to offsetting, enforceable master agreement of offsetting and similar agreements:

	As of December 31, 2018					
				Related amounts not offset in the consolidated statements of financial position		
Description	Gross amounts of recognized financial assets S/(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statements of financial position S/(000)	Net amounts of financial assets presented in the consolidated statements of financial position S/(000)	Financial instruments S/(000)	Cash received as guarantee S/(000)	Net amount S/(000)
Derivative financial instruments – short-term	9,131	-	9,131	5,886	-	3,245

	As of December 31, 2017					
				Related amounts not offset in the consolidated statements of financial position		
Description	Gross amounts of recognized financial assets S/(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statements of financial position S/(000)	Net amounts of financial assets presented in the consolidated statements of financial position S/(000)	Financial instruments S/(000)	Cash received as guarantee S/(000)	Net amount S/(000)
Derivative financial instruments – short-term	7,033	-	7,033	3,029	-	4,004

(vi) Changes in liabilities from financing activities -

Below are the changes in the liabilities resulting from the financing activities for the years ended December 31, 2018 and 2017:

	Balances as of 01.01.2018 S/(000)	Cash Flow S/(000)	Exchange rate effects S/(000)	Provisions and others S/(000)	Balances as of 31.12.2018 S/(000)
Other financial liabilities:					
Bank loans	878,823	470,226	34,054	148,073	1,531,176
Bonds	1,062,167	65,128	16,844	206,050	1,350,189
Commercial paper	-	143,885	-	(283)	143,602
Other	12,360	4,897	278	4,338	21,873
Dividends payable	1,087	(204,950)	-	205,099	1,236
Interest payable	33,242	(156,455)	-	154,469	31,256
Total	1,987,679	322,731	51,176	717,746	3,079,332

	Balances as of 01.01.2017 S/(000)	Cash Flow S/(000)	Exchange rate effects S/(000)	Provisions and others S/(000)	Balances as of 31.12.2017 S/(000)
Other financial liabilities:					
Bank loans	546,440	329,351	1,489	1,543	878,823
Bonds	1,052,747	14,748	(5,693)	365	1,062,167
Other	19,888	722	(19,592)	11,342	12,360
Dividends payable	1,150	(126,862)	-	126,799	1,087
Interest payable	24,854	(101,696)	(378)	110,462	33,242
Total	1,645,079	116,263	(24,174)	250,511	1,987,679

(vii) Capital risk management

The objectives of the Company and its Subsidiaries in managing capital are to safeguard their ability to continue as going concern in order to generate returns to shareholders, benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The Company and its Subsidiaries monitor their capital based on the leverage ratio, this ratio is calculated by dividing net debt by equity. Net debt is the total of financial obligations less cash and cash equivalents.

As of December 31, the leverage ratio was as follows:

	2018 S/(000)	2017 S/(000)
Financial debt	3,046,840	1,953,350
Less: Cash and cash equivalents	(1,037,185)	(1,043,381)
Net financial debt	2,009,655	909,969
Equity	3,228,190	2,885,028
Leverage ratio	62%	32%

(viii) Fair value of financial instruments –

(a) Financial instruments recorded at fair value and fair value hierarchy -

The following table presents the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statements of financial position:

	Level 1 S/(000)	Level 2 S/(000)	Total S/(000)
As of December 31, 2018			
Financial assets			
Derivative financial instruments:			
Foreign exchange forward	-	14,746	14,746
Currency swap	-	2,702	2,702
Interest rate swaps	-	15,017	15,017
Call spread	-	15,226	15,226
Options and futures	-	6,737	6,737
Swap contracts	-	740	740
At fair value through profit or loss and through OCI:	-	-	-
Other financial assets	394,393	-	394,393
Total financial assets	394,393	55,168	449,561

	Level 1 S/(000)	Level 2 S/(000)	Total S/(000)
Financial liabilities			
Derivative financial instruments:			
Foreign exchange options	-	4,488	4,488
Options and futures	-	4,277	4,277
Swap contracts	-	2,725	2,725
Total financial liabilities	-	11,490	11,490
As of December 31, 2017			
Financial assets			
Derivative financial instruments:			
Foreign exchange forward	-	3,029	3,029
Currency swap	-	1,972	1,972
Interest rate swaps	-	3,611	3,611
Call spread	-	11,459	11,459
Options and futures	-	3,648	3,648
Swap contracts	-	957	957
At fair value through profit or loss and through OCI			
Other financial assets	372,274	-	372,274
Total financial assets	372,274	24,676	396,950
Financial liabilities			
Derivative financial instruments:			
Foreign exchange options	-	4,456	4,456
Currency swaps	-	1,752	1,752
Options and futures	-	113	113
Swap contracts	-	2,588	2,588
Total financial liabilities	-	8,909	8,909

(b) Financial instruments not measured at fair value -

Below is the disclosure of the comparison between the carrying amounts and fair values of the financial instruments, which are not measured at fair value, presented in the consolidated statements of financial position by level of the fair value hierarchy.

Level 1 –

- Cash and cash equivalents, restricted cash in guarantee for derivative transactions and held-to-maturity financial investments do not represent a significant credit risk or interest rate risk; therefore, their carrying amounts approximate their fair values.

- Because the trade receivables, other receivables and receivables from related parties are net of the allowance for impairment of receivables and mainly have maturities of less than three months, Management has considered that its fair value is not significantly different from their carrying amount.

- Because the trade payables, other payables and payables to related parties are current maturity, Management of Company and its Subsidiaries estimates that its book values approximates its fair values.

Level 2 –

- For other financial liabilities, fair values were determined by comparing the market interest rates at the time of initial recognition with current market rates for similar financial instruments. Below is a comparison between the carrying amounts and fair values of these financial instruments:

	2018		2017	
	Book value S/000	Fair value S/000	Book value S/000	Fair value S/000
Other financial liabilities	3,046,840	3,147,801	1,953,350	2,017,942

40. Subsequent events

(a) In the Shareholders' meetings held on January 15, 2019 the subsidiaries Industrias de Aceite S.A., Alicorpgroup Inversiones Bolivia S.A. and Sociedad Aceitera del Oriente S.R.L., all located in Bolivia, agreed on a preliminary merger commitment through absorption whereby Alicorpgroup Inversiones Bolivia S.A. and Sociedad Aceitera del Oriente S.R.L. would transfer all of their assets to Industrias de Aceite S.A.. Once the companies have accomplished the legal and regulatory approvals in Bolivia, these subsidiaries would sign the final merger agreement in order to register the public deed of merger by absorption with all the necessary authorities and entities.

(b) On January 31, 2019, the Company acquired 100% of the voting common shares of Tecnología Aplicada S.A. which owns 99.78 % of the voting common shares of Intradevco Industrial S.A. and 98.65% of the voting common shares of Intradevco S.A., both companies constituted in Perú. It indirectly acquired through Intradevco Industrial S.A., 100% voting shares of Atlantis S.A., a company constituted in Uruguay.

The price paid for the acquisition of these companies amounts to US$490,492,000 financed through a Senior Unsecured Credit Agreement with Bank of America N.A., Citibank N.A. and The Bank of Nova Scotia for an amount of US$500,000,000.

Nº 0084027

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Nº 84027

Constancia de Habilitación

La Decana y el Director Secretario del Colegio de Contadores Públicos de Lima, que suscriben, declaran que en base a los registros de la institución, se ha verificado que

PAREDES, BURGA & ASOCIADOS S. CIVIL DE R.L.

MATRICULA : S0761

FECHA DE COLEGIATURA : 05/11/2002

Se encuentra, hábil a la fecha, para el ejercicio de las funciones profesionales que le faculta la Ley Nº 13253 y su modificatoria Ley Nº 28951 y conforme al Estatuto y Reglamento Interno de este Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el 31/08/2019

Lima, 06 de Marzo de 2019

CPCC Elsa Rosario Ugarte Vásquez
Decana

CPCC Moisés Manuel Penadillo Castro
Director Secretario

Verifique su validez en: www.ccpl.org.pe

Comprobante de Pago: 113-00005840

Verifique la validez del comprobante de pago en: www.sunat.gob.pe

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S/ 1,640,000,000

6.875% Senior Notes due 2027

LISTING MEMORANDUM

Global Coordinators

BofA Merrill Lynch **Citigroup**

Joint Bookrunners

BofA Merrill Lynch **Citigroup** **Scotiabank**

April 18, 2019